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SC Court of Appeals

THE STATE OF SOUTH CAROLINA
In the Court of Appeals

APPEAL FROM CHARLESTON COUNTY
Court of Common Pleas

Jennifer B. McCoy, Circuit Court Judge

Case No. 2017-CP-10-00838
Appellate Case No. 2020-001210

Jacque Lucas, Shirley Ann Lucas, and Daniel Simerly, Appellants,

v.

KapStone Paper and Packaging Corporation, KapStone Kraft Paper Corporation, Safway Group Holdings, LLC, Easy Way Insulation Co., Sypris Technologies, Inc. f/k/a Tube-Turns Technologies Inc., Thompson Construction Group, Inc., and Thompson Industrial Services, LLC, Defendants, Defendants,

Of which

KapStone Paper and Packaging Corporation and KapStone Kraft Paper Corporation are Respondents.

RECORD ON APPEAL
VOLUME VII

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FLORIDA NON-COOPERATION WITH PREMIUM AUDIT ENDORSEMENT

This endorsement applies only to the insurance provided by the policy because Florida is shown in Item 3.A. of the Information Page.

This endorsement adds the following provisions to Part Five-Premium, G. Audit, of the policy:

We are required to complete the premium audit process no later than 90 days after policy termination. If you fail to return voluntary audit requests or refuse to cooperate in completing a final physical audit, you must pay a premium to us not to exceed three times the most recent estimated annual premium on this policy subject to the following conditions:

1. We make two good faith efforts to obtain the voluntary audit report or complete the physical audit.

2. We document the audit file regarding the above attempts to obtain the required audit information.

3. After the two good faith attempts to obtain records, we send a letter by certified mail to you advising you of the specific records that are required and the premium that will be charged if you continue to refuse access to the records.

If you do not provide all of the specific records required and if we satisfy the conditions above on or before 90 days from the date of policy termination, we may continue to try and conduct the audit and/or re-open the audit for up to three years from the date of policy termination. Alternatively, we may immediately bill you a premium not to exceed three times the most recent estimated annual premium on this policy. If you provide all the specific records required to complete the premium audit process within the three year period, we will determine your final premium in accordance with Part Five-Premium, E. Final Premium of the policy.

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(THE INFORMATION BELOW IS REQUIRED ONLY WHEN THIS ENDORSEMENT IS ISSUED SUBSEQUENT TO PREPARATION OF THE POLICY.)

Endorsement Effective Policy No. Endorsement No.
Insured Premium $

Insurance Company

Countersigned by_____

WC 09 04 07 (Ed. 7-13)

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PARTICIPATION CLAUSE

The first paragraph of the policy participation clause is amended to read as follows:

If any dividends are distributed, you as a policyholder of Sentry Casualty Company will share in them according to law and under conditions set by the Board of Directors. Dividends can not be guaranteed and are paid at the discretion of the Board of Directors.

WC 99 06 16 Ed. 01 07

FLORIDA TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT ENDORSEMENT

This endorsement addresses requirements of the Terrorism Risk Insurance Act of 2002 as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2015.

Definitions

The definitions provided in this endorsement are based on and have the same meaning as the definitions in the Act. If words or phrases not defined in this endorsement are defined in the Act, the definitions in the Act will apply.

1. "Act" means the Terrorism Risk Insurance Act of 2002, which took effect on November 26, 2002, and any amendments, including any amendments resulting from the Terrorism Risk Insurance Program Reauthorization Act of 2015.
2. "Act of Terrorism" means any act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security, and the Attorney General of the United States as meeting all of the following requirements:
   a. The act is an act of terrorism.
   b. The act is violent or dangerous to human life, property or infrastructure.
   c. The act resulted in damage within the United States, or outside of the United States in the case of the premises of United States missions or certain air carriers or vessels.
   d. The act has been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
3. "Insured Loss" means any loss resulting from an act of terrorism (including an act of war, in the case of workers compensation) that is covered by primary or excess property and casualty insurance issued by an insurer if the loss occurs in the United States or at the premises of United States missions or to certain air carriers or vessels.
4. "Insurer Deductible" means, for the period beginning on January 1, 2015, and ending on December 31, 2020, an amount equal to 20% of our direct earned premiums, during the immediately preceding calendar year.

Limitation of Liability

The Act may limit our liability to you under this policy. If aggregate Insured Losses exceed $100,000,000,000 in a calendar year and if we have met our Insurer Deductible, we may not be liable for the payment of any portion of the amount of Insured Losses that exceeds $100,000,000,000; and for aggregate Insured Losses up to $100,000,000,000, we may only have to pay a pro rata share of such Insured Losses as determined by the Secretary of the Treasury.

Policyholder Disclosure Notice

1. Insured Losses would be partially reimbursed by the United States Government. If the aggregate industry Insured Losses exceed:
   a. $100,000,000, with respect to such Insured Losses occurring in calendar year 2015, the United States Government would pay 85% of our Insured Losses that exceed our Insurer Deductible.
   b. $120,000,000, with respect to such Insured Losses occurring in calendar year 2016, the United States Government would pay 84% of our Insured Losses that exceed our Insurer Deductible.
   c. $140,000,000, with respect to such Insured Losses occurring in calendar year 2017, the United States Government would pay 83% of our Insured Losses that exceed our Insurer Deductible.
   d. $160,000,000, with respect to such Insured Losses occurring in calendar year 2018, the United States Government would pay 82% of our Insured Losses that exceed our Insurer Deductible.
   e. $180,000,000, with respect to such Insured Losses occurring in calendar year 2019, the United States Government would pay 81% of our Insured Losses that exceed our Insurer Deductible.
   f. $200,000,000, with respect to such Insured Losses occurring in calendar year 2020, the United States Government would pay 80% of our Insured Losses that exceed our Insurer Deductible.

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2. Notwithstanding item 1 above, the United States Government may not have to make any payment under the Act for any portion of Insured Losses that exceed $100,000,000,000.
3. The premium charged for the coverage for Insured Losses under this policy is included in the amount shown in Item 4 of the Information Page or the Schedule below.

SCHEDULE

Rate per $100 of Remuneration

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective Policy No. Endorsement No.
Insured Premium

Insurance Company Countersigned by_____

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GEORGIA CANCELLATION, NONRENEWAL, AND CHANGE ENDORSEMENT

This endorsement applies only to the insurance provided by the policy because Florida is shown in Item 3.A. of the Information Page.

Part Six—Conditions, Section D. (Cancellation) of the policy is replaced by the following:

D. Cancellation, Nonrenewal, and Change

1. You may cancel this policy. You must mail or deliver advance notice to us stating when the cancellation is to take effect, subject to the following:
   a. If only your interest is affected, the effective date of cancellation will be the later of the date we receive notice from you or the date specified in the notice.
   b. If by statute, regulation, or contract this policy may not be cancelled unless notice is given to a governmental agency or other third party, we will mail or deliver at least 10 days' notice to you and the third party as soon as practicable after receiving your request for cancellation.

      Our notice will state the effective date of cancellation, which will be the later of the following:

      1) 10 days from the date of mailing or delivering our notice, or
      2) The effective date of cancellation stated in your notice to us.
2. We may cancel or nonrenew this policy. We must mail or deliver notice at least 10 days before the effective date of cancellation if this policy has been in effect less than 60 days or if we cancel for nonpayment of premium. If this policy has been in effect 60 or more days and we cancel for a reason other than nonpayment of premium or if we nonrenew this policy, we must send to you a notice of cancellation or nonrenewal by certified mail, return receipt requested, to your last address of record at least 75 days prior to the effective date of cancellation or nonrenewal.
3. If we increase current policy premium by more than 15% (other than any increase in premium due to change in risk or exposure, or including a change in experience modification or resulting from an audit of auditable coverages), limit or restrict coverage, we must mail by first class mail or deliver a notice of our action (including dollar amount of any increase in renewal premium more than 15%) to you at the last mailing address of record at least 45 days before the expiration date of this policy.
4. If you fail to submit to, or allow an audit for, the current or most recently expired policy term, we may, after two documented efforts to notify you and your agent of potential cancellation, send via certified mail or statutory overnight delivery, return receipt requested, written notice to you at least 10 days prior to the effective date of cancellation in lieu of the number of days' notice otherwise required by state law. However, we must not mail a cancellation notice within 20 days of the first documented effort to notify you of potential cancellation.
5. The policy period will end on the day and hour stated in the cancellation notice except as provided for above.

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective Policy No. Endorsement No.
Insured Premium:

Insurance Company Countersigned by _____

WC 10 06 01 B)
(Ed. 7-14)

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GEORGIA NON-COOPERATION WITH PREMIUM AUDIT ENDORSEMENT

This endorsement applies only to the insurance provided by the policy because Georgia is shown in Item 3.A. of the Information Page.

This endorsement adds to Part Five - Premium, Condition G. Audit, the following provision:

If you do not allow us to examine and audit all of your records that relate to this policy, we may utilize a payroll amount of three times the estimated payroll for purposes of determining final premium.

WC 10 04 02 (Ed. 01-13)

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ILLINOIS AMENDATORY ENDORSEMENT

This endorsement applies only to the insurance provided by the policy because Illinois is shown in Item 3.A. of the Information Page.

Part Two - Employers Liability Insurance, Section B. (We Will Pay), Item 3. of the policy is replaced by the following:

3. For consequential bodily injury to a party to a civil union, spouse, child, parent, brother or sister of the injured employee; provided that these damages are the direct consequence of bodily injury that arises out of and in the course of the injured employee's employment by you; and

Part Five - Premium, Section G. (Audit) of the policy is replaced by the following:

G. Audit

You will let us examine and audit all your records that relate to this policy. These records include ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records, and programs for storing and retrieving data. We may conduct the audits during regular business hours during the policy period and within three years after the policy ends. Information developed by audit will be used to determine final premium. The National Council on Compensation Insurance has the same rights we have under this provision.

Part Six - Conditions, Section A. (Inspection) of the policy is replaced by the following:

A. Inspection

We have the right, but are not obliged, to inspect your workplaces at any time. Our inspections are not safety inspections. They relate only to the insurability of the workplaces and the premiums to be charged. We may give you reports on the conditions we find. We may also recommend changes. While they may help reduce losses, we do not undertake to perform the duty of any person to provide for the health or safety of your employees or the public. We do not warrant that your workplaces are safe or healthful or that they comply with laws, regulations, codes, or standards. The National Council on Compensation Insurance has the same rights we have under this provision.

Part Six - Conditions, Section D. (Cancellation) of the policy is replaced by the following:

D. Cancellation

1. You may cancel this policy. You will mail or deliver advance written notice to us, stating when the cancellation is to take effect.
2. We may cancel this policy. We will mail to each named insured at the last known mailing address advance written notice stating when the cancellation is to take effect. We will maintain proof of mailing of the notice of cancellation. A copy of all such notices shall be sent to the broker or agent of record, if known, at the last known mailing address. The broker or agent of record may opt to accept notification electronically.
3. If we cancel because you do not pay all premium when due, we will mail the notice of cancellation at least ten days before the cancellation is to take effect. If we cancel for any other reason, we will mail the notice:
   a. At least 30 days before the cancellation is to take effect if the policy has been in force for 60 days or less;
   b. At least 60 days before the cancellation is to take effect if the policy has been in force for 61 days or more.
4. If this policy has been in effect for 60 days or more, we may cancel only for one of the following reasons:
   a. Nonpayment of premium;
   b. The policy was issued because of a material misrepresentation;
   c. You violated any of the terms and conditions of the policy;
   d. The risk originally accepted has measurably increased;
   e. The Director has determined that we no longer have adequate reinsurance to meet our needs; or
   f. The Director has determined that continuation of coverage could place us in violation of the laws of Illinois.

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5. Our notice of cancellation will state our reasons for cancelling.
6. The policy period will end on the day and hour stated in the cancellation notice.

Part Six - Conditions, Section E. (Sole Representative) of the policy is replaced by the following:

E. Sole Representative

The insured first named in Item 1 of the Information Page will act on behalf of all insureds to change this policy, receive return premium, or give us notice of cancellation.

Part Six - Conditions of the policy is changed by adding the following:

F. Nonrenewal

1. We may elect not to renew the policy. If we fail to give at least 60 days notice prior to the expiration date of the current policy, the policy will automatically be extended for one year. We will mail to each Named Insured the nonrenewal notice at the last known mailing address. We will maintain proof of mailing of the nonrenewal notice. An exact and unaltered copy of such notice will also be sent to the Named Insured's producer, if known, or the producer of record at the last known mailing address. The Named Insured's producer, if known, or the producer of record may opt to accept notification electronically.
2. Our notice of nonrenewal will state our reasons for not renewing.
3. If we fail to provide the notice of nonrenewal as required, the policy will still terminate on its expiration date if:
   a. You notify us or the producer who procured this policy that you do not want the policy renewed; or
   b. You fail to pay all premiums when due; or
   c. You obtain other insurance as a replacement of the policy.

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ILLINOIS LARGE DEDUCTIBLE ENDORSEMENT
(INCLUDING ALLOCATED LOSS ADJUSTMENT EXPENSE)

This deductible endorsement is between you and us. It does not affect, change or alter the rights of others under the policy. You agree to pay, up to the deductible amounts shown in Table 1, benefits and damages as described below. You also agree to pay all "allocated loss adjustment expense". You will reimburse us for any amounts that we advance or may be required by law to pay which are within the deductible amounts and any amounts incurred by us as expense in making such advances or payments as provided for hereunder, in the form of a Loss Conversion Factor (LCF), or which constitute "allocated loss adjustment expense".

TABLE 1

COVERAGE	DEDUCTIBLE AMOUNT:	BASIS
Bodily Injury by Accident	$250,000	each accident
Bodily Injury by Disease	$250,000	each employee
All Covered Bodily Injury		aggregate

A. HOW THIS DEDUCTIBLE APPLIES

1. EACH ACCIDENT; EACH EMPLOYEE

You are responsible for, up to the deductible amount shown in Table 1, the total of:

- benefits under Part One (Workers Compensation Insurance), plus
- damages under Part Two (Employers Liability Insurance), plus
- benefits and damages under Part Three (Other States Insurance), plus
- benefits and damages under any other endorsement to this policy.

which we would be responsible for, in the absence of this endorsement.

2. AGGREGATE

The amount shown above in Table 1 as an aggregate deductible is the most you must pay as a deductible for the sum of all:

- benefits under Part One (Workers Compensation Insurance), plus
- damages under Part Two (Employers Liability Insurance), plus
- benefits and damages under Part Three (Other States Insurance), plus
- benefits and damages under any other endorsement to this policy

which we would be responsible for, in the absence of this endorsement, for each policy period.

The aggregate deductible amount will not be reduced if:

- this endorsement is issued for a term of less than one year, or
- the policy or this endorsement is canceled for any reason by you or by us before the end of the policy period.

3. OUR RESPONSIBILITY

Our obligation to pay benefits and damages, on your behalf applies only to such amounts which are in excess of the deductible amounts specified in Table 1.

B. ADVANCES

We will advance all deductible amounts and "allocated loss adjustment expense" which you are responsible for under this endorsement. You will reimburse us promptly for any deductible amounts we advance plus amounts incurred by us as expense in the adjustment and payment of claims within the deductible amount shown in Table 1. A loss conversion factor will be applied to the loss amounts for all states unless otherwise indicated.

C. EFFECT OF DEDUCTIBLE ON LIMITS OF LIABILITY

As respects Part Two (Employers Liability Insurance) and any other coverages provided by endorsements to this policy which have limits of liability, payments of damages within the deductible amount shall contribute to the exhaustion of the applicable limits of liability under this policy and such endorsements.

D. DEFINITIONS

"Allocated loss adjustment expense" means claim adjustment expense directly allocated by us to a particular claim whether or not such claim ultimately results in payment of any benefits or damages. Such expense shall include, but not be limited to:

- costs, fees and expenses of or related to attorneys and other legal representatives, our staff attorneys, and independent adjusters; and
- court and other specific items of expense such as interest on judgments, medical examination, expert medical or other testimony, laboratory and x-ray, autopsy, stenographic, witnesses and summonses; and
- medical cost containment expenses, such as preferred provider expenses, hospital bill audits, and review of medical fee schedule compliance, whether by outside vendor or done internally by an employee.

"Loss Conversion Factor" means a charge that covers any claim adjustment expenses and the cost of claims services provided, such as investigation of claims and filing claims reports.

E. ADDITIONAL CONDITIONS

1. RECOVERY FROM OTHERS

We have your rights and the rights of persons entitled to the benefits of this insurance to recover all advances and payments, including those within the deductible amount, from anyone liable for the injury. You will do everything necessary to protect those rights for us and to help us enforce them.

If we recover any advance or payment made under this policy from anyone liable for the injury, the amount we recover (after deducting from such recovery the expenses incurred in effecting such recovery) will first be applied to any payments made by us in excess of the each accident and each employee deductible amounts referred to in Table 1. The remainder of the recovery, if any, will be credited against the amounts paid or reimbursed by you under the deductibles shown in Table 1, and the payments and reimbursements you have made toward exhausting these deductibles will be reduced by such credit.

2. CANCELLATION

You must (a) promptly pay all amounts for which you are responsible under this endorsement, and (b) reimburse us for any such amounts that we pay or advance upon receipt of a billing from us.

If you fail to do so, we may cancel this endorsement for violating the terms and conditions of this policy.

3. YOUR ADDITIONAL DUTIES

- The first Named Insured shown in the Information Page agrees and is authorized to pay all deductible amounts and all "allocated loss adjustment expense" on behalf of all Named Insureds and to reimburse us for any such amounts that we advance.
- Each Named Insured is jointly and severally liable for all deductible amounts under this policy.

4. OTHER RIGHTS AND DUTIES (OURS AND YOURS)

a. All other terms of this policy, including those which govern (i) our right and duty to defend any claim, proceeding or suit against you, and (ii) your duties if injury occurs, apply irrespective of application of this deductible endorsement.

ILLINOIS LARGE DEDUCTIBLE ENDORSEMENT
(INCLUDING ALLOCATED LOSS ADJUSTMENT EXPENSE) - CONTINUED

b. To secure your obligations to us, including all reimbursement obligations, you must provide us and continue to maintain, a clean, irrevocable and automatically renewing letter of credit with terms and issuer acceptable to us or other acceptable security and in an amount determined by us to be necessary at policy inception or subsequently.

Also if you fail to deliver any amended or additional or substitute letter of credit or other acceptable security as required by us to fulfill your obligations under this endorsement, we may cancel this endorsement or policy in accordance with the conditions.

You, by signature of your qualified officer, agree to abide by the terms and conditions of this endorsement.

Agree to this _____ day of _____, 20__.

Your Officer

Title

WC 99 06 68 (LCF) ED. 01/08

ILLINOIS WORKERS COMPENSATION AND
EMPLOYERS LIABILITY INSURANCE POLICY
EXCLUSION ENDORSEMENT

C. Change Part Two - C. Exclusions 1. as follows:

This insurance does not cover

1. Liability assumed under a contract, and/or any agreement to waive your right to limit your liability for contribution to the amount of benefits payable under the Workers Compensaton Act and the Workers Occupational Disease Act. This exclusion does not apply to a warranty that your work will be done in a workmanlike manner;

WC 12 03 06A (Ed. 07-11)

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LARGE DEDUCTIBLE AMENDATORY ENDORSEMENT
KENTUCKY SPECIAL PROVISIONS

As respects to Kentucky exposure the following is replaced and amended to read as follows:

Section E. ADDITIONAL CONDITIONS: Paragraph 2. CANCELLATION:

You must (a) promptly pay all amounts for which you are responsible under this endorsement, and (b) reimburse us for any such amounts that we pay or advance upon receipt of a billing from us.

If you fail to do so, we may cancel this endorsement for violation of the terms and conditions of this policy.

WC 99 06 30 ED. 01/08

SENTRY CASUALTY COMPANY
Carrier Code No. 37877

WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE POLICY

POLICY NUMBER 90-16567-04 00 151

KENTUCKY CANCELLATION AND NONRENEWAL ENDORSEMENT

This endorsement applies only to the insurance provided by the policy because Kentucky is shown in Item 3.A. of the Information Page.

The CANCELLATION Condition of the policy is replaced by the following:

CANCELLATION

1. You may cancel this policy. You will deliver or mail advance written notice to us, stating when the cancellation is to take effect.

2. We may cancel this policy. We will deliver or mail to you not less than 75 days advance written notice stating when the cancellation is to take effect and our reason or reasons for cancellation. If we cancel for nonpayment of premium or within 60 days of the date of issuance of the policy, we will deliver or mail this notice not less than 14 days prior to the effective date of cancellation. Proof of mailing of this notice to you at your mailing address shown in Item 1 of the Information Page will be sufficient to prove notice.

3. After coverage has been in effect more than 60 days or after the effective date of a renewal policy, we may not cancel the policy unless cancellation is based on one or more of the following reasons:

   a. nonpayment of premium;

   b. discovery of fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy, or presenting a claim under the policy;

   c. discovery of willful or reckless acts or omissions on your part increasing any hazard originally insured;

   d. changes in conditions after the effective date of the policy or any renewal substantially increasing any hazard originally insured;

   e. a violation of any local fire, health, safety, building, or construction regulation or ordinance at any of your covered workplaces substantially increasing any hazard originallly insured;

   f. our involuntary loss of reinsurance for the policy;

   g. a determination by the commissioner that the continuation of the policy would place us in violation of Kentucky insurance laws.

NONRENEWAL

1. We may elect not to renew the policy. We will deliver or mail to you not less than 75 days advance written notice stating our intention not to renew and our reason or reasons for nonrenewal. Proof of mailing of this notice to you at your mailing address shown in Item 1 of the Information Page will be sufficient to prove notice.

WC 16 06 01 (Ed. 12-97)

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KENTUCKY CANCELLATION AND NONRENEWAL ENDORSEMENT - CONTINUED

2. If we fail to provide the notice of nonrenewal as required, the policy will be deemed to be renewed for the ensuing policy period upon payment of the appropriate premium, and coverage will continue until you have accepted replacement coverage with another insurer, until you have agreed to the nonrenewal, or until the policy is cancelled.

3. If we have delivered or mailed to you a renewal notice, bill, certificate, or policy not less than 30 days before the end of the current policy period clearly stating the amount and due date of the renewal premium charge, then the policy will terminate on the due date without further notice unless the renewal premium is received by us or our agent on or before the due date. If the policy terminates in this manner, we will deliver or mail to you within 15 days of termination at your mailing address shown in Item 1 of the Information Page a notice that the policy was not renewed and the date on which coverage ceased to exist. Proof of mailing of the renewal premium to us or our agent on or before the due date will constitute a presumption of receipt on or before the due date.

4. If we offer to renew the policy for a premium amount more than 25% greater than the premium amount for the current policy term for like coverage and like risks, we will deliver or mail to you and to your agent not less than 75 days advance written notice of the renewal premium amount. We may at our option, in order to comply with this requirement, extend the period of coverage of the current policy at the expiring premium.

WC 16 06 01 (Ed. 12-97)

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KENTUCKY NOTICE OF APPEAL RIGHTS ENDORSEMENT

This endorsement applies only to the insurance provided by the policy because Kentucky is shown in Item 3.A. of the Information Page.

NOTICE OF YOUR RIGHTS

If you believe that the rates or the rating system under this policy have been incorrectly or improperly applied, you may request a review of the manner in which the rate or rating system has been applied. You must make your request in writing to us or the National Council on Compensation Insurance, Inc. (NCCI). We or NCCI has thirty (30) days to grant or reject your request for a review and to notify you in writing whether your request has been granted or rejected. If your request is granted, we or NCCI shall conduct the review within ninety (90) days of receiving your request. If your request is rejected or if you are dissatisfied with the results of the review, you may appeal to the commissioner for further review. You must make your appeal within thirty (30) days of receipt of the rejection or of the results of your review. Your appeal is to be sent to:

Legal Division
Department of Insurance
P.O. Box 517
Frankfort, KY 40602

Your request for an appeal should include a statement of the facts and how the rates or rating system were incorrectly or improperly applied. Also, enclose copies of the results of the review and any other correspondence from us or NCCI. If your appeal shows good cause, the commissioner shall hold a hearing. The commissioner may, after the hearing, issue a final order affirming, modifying or reversing our or NCCI's action.

WC 16 06 02 (Ed. 10-99)

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SENTRY CASUALTY COMPANY
Carrier Code No. 37877

POLICY NUMBER 90-16567-04 00 151

KENTUCKY PART ONE WORKERS COMPENSATION INSURANCE ENDORSEMENT

This endorsement modifies the insurance policy to which it is attached and applies to the insurance provided by this policy because Kentucky is shown in Item 3.A. of the Information Page.

F.3. of Part One, Workers Compensation Insurance of the policy is replaced by the following:

F. PAYMENTS YOU MUST MAKE

3. you fail to comply with a health or safety law or regulation; provided that, however, we are responsible for payment of any amounts in excess of the benefits regularly provided under the workers compensation law of this state if an accident is caused in any degree by the intentional failure of the employer to comply with any specific statute or lawful administrative regulation made thereunder, communicated to the employer and relative to the installation or maintenance of safety appliances or methods as provided in KRS 342.165(1); or

Except for any payments for which we are responsible as provided in Section F.3. above, if we make any payments in excess of the benefits regularly provided by the workers compensation law on your behalf, you will reimburse us promptly.

WC 16 03 05 (Ed. 6-07)

Endorsement Effective 07-01-15
Insured KAPSTONE PAPER AND PACKAGING CORPORATION

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MASSACHUSETTS - ASSESSMENT CHARGE

Massachusetts General Laws, Chapter 152, Section 65, as amended by Chapter 572 of the Acts of 1985, establishes a workers' compensation special fund and a workers' compensation trust fund.

On behalf of the Department of Industrial Accident (DIA), the insurance company providing workers' compensation coverage is required to bill and collect an assessment charge covering the special and trust funds from insured employers and remit the amounts collected to the State Treasury.

The assessment charge, which is determined by applying a rate (subject to annual change) to the DIA's standard premium, as defined and outlined in 452 CMR 7.00, developed under your policy, is shown as a separate item on the information page of the policy. The rate may be different for private employers and for the Commonwealth and its political subdivisions.

The income derived from the assessment charge will be used to fund the operating expenses of the DIA and to fund certain employee benefits as described in Chapter 152.

WC 20 03 02A (Ed. 09-08)

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SENTRY CASUALTY COMPANY
Carrier Code No. 37877

WORKERS' COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

POLICY NUMBER: 90-16567-04 00 151

MASSACHUSETTS CANCELLATION ENDORSEMENT

This endorsement applies only to the insurance provided by the policy because Massachusetts is shown in Item 3.A. of the Information Page.

The Cancellation Condition of the policy is replaced by the following:

Cancellation

1. You may cancel this policy by mailing or delivering to us advance written notice requesting cancellation. Such cancellation shall not be effective until ten days after written notice is given by us to The Workers' Compensation Rating and Inspection Bureau of Massachusetts (Bureau), or until notice has been received by the Bureau that you have secured insurance from another insurance company, whichever occurs first. Our notice to the Bureau may be given by electronic transmission.

2. We may cancel this policy only if based on one or more of the following reasons: (i) nonpayment of premium; (ii) fraud or material misrepresentation affecting your policy; or (iii) a substantial increase in the hazard insured against. Such cancellation shall not be effective until ten days after written notice is given by us to you and The Workers' Compensation Rating and Inspection Bureau of Massachusetts (Bureau), or until notice has been received by the Bureau that you have secured insurance from another insurance company, whichever occurs first. Our notice to the Bureau may be given by electonic transmission.

3. We will mail or deliver the notice of cancellation to you at your last address, which shall be the mailing address shown in Item 1 of the Information Page or the change of mailing address shown in an Endorsement to the Policy. Pursuant to M.G.L. Chapter 175, Section 187C, a written notice of cancellation shall be deemed effective when mailed by us if we obtain a certificate of mailing receipt from the United States Postal Service showing your name and address as stated in the policy.

4. Any of these provisions that conflict with the law that controls the cancellation of this insurance policy is changed by this statement to comply with the law.

WC 20 06 01A (Ed.07-08)

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SENTRY CASUALTY COMPANY
Carrier Code No. 37877

WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE POLICY

POLICY NUMBER 90-16567-04 00 151

MASSACHUSETTS LIMIT OF LIABILITY ENDORSEMENT

This endorsement applies only to the insurance provided by Part Two (Employers Liability Insurance) because Massachusetts is listed in item 3.A of the Information Page.

Our liability to you under Section 25 of Chapter 152 of the General Laws of Massachusetts is not subject to the limit of liability that applies to Part Two (Employers Liability Insurance).

WC 20 03 01 (Ed. 04-84)

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Carrier Code No. 37877

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

MASSACHUSETTS NOTICE TO POLICYHOLDER ENDORSEMENT

This endorsement applies only to the insurance provided by the policy because Massachusetts is shown in Item 3.A. of the Information Page.

1. Rates and Premium

The policy contains rates and classifications that apply to your type of business. If you have any questions regarding the rates or classifications, please contact your agent or us.

You may obtain pertinent rating information by submitting a written request to the Workers' Compensation Rating and Inspection Bureau of Massachusetts at the address shown in this endorsement or to us at our company address shown on this endorsement. We may require you to pay a reasonable charge for furnishing the information.

You may also submit a written request for a review of the method by which your classification, rates, premiums or audit results were determined. If we fail to grant or reject your request within thirty days after it is made or if you are not satisfied by the results of our review, you may submit a written request for review to the Workers' Compensation Rating and Inspection Bureau of Massachusetts ("WCRIBMA") at the address shown in this endorsement. If the WCRIBMA fails to grant or reject your request within thirty days after it is made or if you are not satisfied with the results of the WCRIBMA review, you may appeal to the Commissioner of Insurance at the address shown in this endorsement.

2. Reserves or Settlements

You may request a loss run, which contains reserve and settlement information for claims that relate to the premium for this policy. Such a request must be in writing and should be sent to our address shown on this endorsement. We will provide you with that information within thirty (30) days of receipt of your request, and at reasonable intervals thereafter.

If you have any questions or believe that we set unreasonable reserves or made unreasonable settlements that affected your premiums or losses, you may make a written request through your agent or directly to us for a meeting with our company representative. If you are not satisfied with the results of the meeting, you may make a written appeal to the Insurance Commissioner at the address shown on endorsement.

3. Named Insured

You are responsible for immediately reporting all changes in name or legal status to us in writing at the company address shown in this Endorsement.

If you want to add a named insured or replace the named insured with another legal entity on any policy issued through the Massachusetts Assigned Risk Pool you must submit a new Assigned Risk Pool Application, including a Confidential Request for information Form (ERM), to the Workers' Compensation Rating and Inspection Bureau of Massachusetts at the address shown in this Endorsement.

WC 20 03 03D (Ed. 08-10)

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WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

MASSACHUSETTS NOTICE TO POLICYHOLDER ENDORSEMENT - CONTINUED

4. Insured's Mailing Address

Notices relating to this Policy will be mailed or delivered to your mailing address. Your mailing address is that which is shown in Item 1 of the Information Page or in a change of address Endorsement to the Policy. You are responsible for notifying us in writing at the company address shown in this Endorsement about any change to your mailing address.

Addresses

The Workers' Compensation Rating and
Inspection Bureau of Massachusetts
Attention: Customer Service Department
101 Arch Street, 5th Floor
Boston, MA 02110
www.wcribma.org

Commissioner of Insurance
Division of Insurance
Department of Banking and
Insurance
1000 Washington St. 8th Floor
Boston, MA 02210

Company Address

SENTRY CASUALTY COMPANY
PO Box 8020
Stevens Point WI 54481-8020

WC 20 03 03D (Ed. 08-10)

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MASSACHUSETTS PREMIUM DUE DATE ENDORSEMENT

Section D of Part Five of the Policy is replaced by this provision:

PART FIVE
PREMIUM

D. PREMIUM PAYMENTS IS AMENDED TO READ:

You will pay all premium when due. You will pay the premium even if part or all of a workers compensation law is not valid. THE AUDIT AND RETROSPECTIVE PREMIUMS SHALL BE PAID BY THE DUE DATE INDICATED ON THE BILLING STATEMENT.

WC 20 04 05 0601

KAP 90-16567-04 00 151
07-09-15
PAGE 001

KAPSTONE-001342

MICHIGAN LAW ENDORSEMENT

This endorsement applies only to the insurance provided by the policy because Michigan is shown in item 3.A. of the Information Page.

Michigan law requires that we attach this paragraph to your policy in the language specified by statute. To help you understand the paragraph, the following definitions are added:

(1) We are "the insurer issuing this policy"
(2) You are "the insured employer"
(3) "Michigan workmen's compensation act" means the Workers' Disability Compensation Act of 1969
(4) "Workmen's compensation" means workers' compensation
(5) "The bureau of workmen's compensation" means the Bureau of Workers' Disability Compensation

"Notwithstanding any language elsewhere contained in this contract or policy of insurance, the accident fund or the insurer issuing this policy hereby contracts and agrees with the insured employer:

Compensation:

(a) That it will pay to the persons that may become entitled thereto all workmen's compensation for which the insured employer may become liable under the provisions of the Michigan workmen's compensation act for all compensable injuries or compensable occupational diseases happening to his employees during the life of this contract or policy;

Medical services:

(b) That it will furnish or cause to be furnished to all employees of the employer all reasonable medical, surgical, and hospital services and medicines when they are needed which the employer may be obligated to furnish or cause to be furnished to his employees under the provisions of the Michigan workmen's compensation act and that it will pay to the persons entitled thereto for all such services and medicines when they are needed for all compensable injuries or compensable occupational disease happening to his employees during the life of this contract or policy;

Rehabilitation services:

(c) That it will furnish or cause to be furnished such rehabilitation services for which the insured employer may become liable to furnish or cause to be furnished under the provisions of the Michigan workmen's compensation act for all compensable injuries or compensable occupational disease happening to his employees during the life of this contract or policy;

Funeral expenses:

(d) That it will pay or cause to be paid the reasonable expense of the last sickness and burial of all employees whose deaths are caused by compensable injuries or compensable occupational diseases happening during the life of this contract or policy and arising out of and in the course of their employment with the employer, which the employer may be obligated to pay under the provisions of the Michigan workmen's compensation act;

WC 21 03 04 (Ed. 04-84)

MICHIGAN LAW ENDORSEMENT - CONTINUED

Scope of Contract

(e) That this insurance contract or policy shall for all purposes be held and deemed to cover all the businesses the said employer is engaged in at the time of the issuance of this contract or policy and all other businesses, if any, the employer may engage in during the life thereof, and all employees the employer may employ in any of his businesses during the period covered by this policy;

Obligations assumed:

(f) That it hereby assumes all obligations imposed upon the employer by his acceptance of the Michigan workmen's compensation act, as far as the payment of compensation, death benefits, medical, surgical, hospital care or medicine and rehabilitation services is concerned;

Termination notice:

(g) That it will file with the bureau of workmen's compensation at Lansing, Michigan, at least 20 days before the taking effect of any termination or cancelation of this contract or policy, a notice giving the date at which it is proposed to terminate or cancel this contract or policy; and that any termination of this policy shall not be effective as far as the employees of the insured employer are concerned until 20 days after notice of proposed termination or cancelation is received by the bureau of workmen's compensation;

Conflicting provisions:

(h) That all the provisions of this contract; if any, which are not in harmony with this paragraph are to be construed as modified hereby, and all conditions and limitations in the policy, if any, conflicting herewith are hereby made null and void."

WC 21 03 04 (Ed. 04-84)

SENTRY CASUALTY COMPANY
Carrier Code No. 37877

WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE POLICY

POLICY NUMBER 90-16567-04 00 151

MICHIGAN NOTICE TO POLICYHOLDER ENDORSEMENT

This endorsement applies only to the insurance provided by the policy because Michigan is shown in item 3.A. of the Information Page.

1. Rates and Premium

   The policy contains rates and classifications that apply to your type of business. If you have any questions regarding the rates or classifications, please contact us or your agent.

   You may obtain pertinent rating information by submitting a written request to us at our address shown on this endorsement. We may require you to pay a reasonable charge for furnishing the information.

   You may also submit a written request for a review of the method by which your rates and premiums were determined. If you are not satisfied with the results of the review, you may appeal to the Commissioner of Insurance at the address shown in this endorsement.

2. Payroll Audits
   You may request a payroll audit once each calendar year. Your request must be in writing sent to our address shown in this endorsement. You must state that you believe your payroll expenditures have changed by 20% or more, and you must state the reasons for that belief. We will complete the audit within 120 days of receipt of your request if you provide us with all information we need to perform the audit.

3. Reserves or Redemption

   You may request reserve and redemption information that relates to the premium for this policy. Your request must be in writing sent to our address shown in this endorsement. We will provide you with that information within thirty (30) days of receipt of your request.

   If you believe that the policy premiums are excessive because we set unreasonable reserves or because of the unreasonable redemption of a claim, you may request a meeting with our management representative. Your request must be in writing sent to our address shown in this endorsement. If you are not satisfied with the results of the meeting, you may appeal to the Insurance Commissioner at the address shown in this endorsement.

Addresses

Commissioner of Insurance
Michigan Insurance Bureau
Department of Licensing
& Regulation
P.O. Box 30220
Lansing, MI 48909

SENTRY CASUALTY COMPANY
1800 North Point Drive
Stevens Point, WI 54481

(715) 346-6000

WC 21 03 03A (Ed. 06-97)

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT DISCLOSURE ENDORSEMENT

This endorsement addresses requirements of the Terrorism Risk Insurance Act of 2002 as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2015.

Definitions

The definitions provided in this endorsement are based on and have the same meaning as the definitions in the Act. If words or phrases not defined in this endorsement are defined in the Act, the definitions in the Act will apply.

"Act" means the Terrorism Risk Insurance Act of 2002, which took effect on November 26, 2002, and any amendments resulting from the Terrorism Risk Insurance Program Reauthorization Act of 2015.

"Act of terrorism" means any act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security, and the Attorney General of the United States as meeting all of the following requirements:

a. The act is an act of terrorism.
b. The act is violent or dangerous to human life, property or infrastructure.
c. The act resulted in damage within the United States, or outside of the United States in the case of the premises of United States missions or certain air carriers or vessels.
d. The act has been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

"Insured Loss" means any loss resulting from an act of terrorism (including an act of war, in the case of workers compensation) that is covered by primary or excess property and casualty insurance issued by an insurer if the loss occurs in the United States or at the premises of United States missions or to certain air carriers or vessels.

"Insurer Deductible" means for the period beginning on January 1, 2015, and ending on December 31, 2020, an amount equal to 20% of our direct earned premiums during the immediately preceding calendar year.

Limitation of Liability

The Act limits our liability to you under this policy. If aggregate Insured Losses exceed $100,000,000,000 in a calendar year, and if we have met our Insurer Deductible, we are not liable for the payment of any portion of the amount of Insured Losses that exceeds $100,000,000,000; and for aggregate Insured Losses up to $100,000,000,000, we will pay only a pro rata share of such Insured Losses as determined by the Secretary of the Treasury.

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WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT DISCLOSURE ENDORSEMENT

Policyholder Disclosure Notice

1. Insured Losses would be partially reimbursed by the United States Government. If the aggregate industry Insured Losses exceed:

   a. $100,000,000, with respect to such Insured Losses occurring in calendar year 2015, the United States Government would pay 85% of our Insured Losses that exceed our Insurer Deductible.
   b. $120,000,000, with respect to such Insured Losses occurring in calendar year 2016, the United States Government would pay 84% of our Insured Losses that exceed our Insurer Deductible.
   c. $140,000,000, with respect to such Insured Losses occurring in calendar year 2017, the United States Government would pay 83% of our Insured Losses that exceed our Insurer Deductible.
   d. $160,000,000, with respect to such Insured Losses occurring in calendar year 2018, the United States Government would pay 82% of our Insured Losses that exceed our Insurer Deductible.
   e. $180,000,000, with respect to such Insured Losses occurring in calendar year 2019, the United States Government would pay 81% of our Insured Losses that exceed our Insurer Deductible.
   f. $200,000,000, with respect to such Insured Losses occurring in calendar year 2020, the United States Government would pay 80% of our Insured Losses that exceed our Insurer Deductible.

2. Notwithstanding item 1 above, the United States Government will not make any payment under the Act for any portion of Insured Losses that exceed $100,000,000,000.
3. The premium charge for the coverage your policy provides for Insured Losses is included in the amount shown in item 4 of the Information Page or in the Schedule below.

Schedule

State	Rate per $100 of Remuneration

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MINNESOTA AMENDATORY ENDORSEMENT

This endorsement applies only to the insurance provided because Minnesota is shown in item 3.A. of the Information Page.

PART TWO - EMPLOYERS LIABILITY INSURANCE

E. WE WILL ALSO PAY is amended to read:

We will also pay these costs, in addition to other amounts payable under this insurance, as part of any claim, proceeding, or suit we defend:

1. Reasonable expenses incurred at our request, but not loss of earnings;
2. Premiums for bonds to release attachments and for appeal bonds in bond amounts up to the limit of our liability under this insurance;
3. Litigation costs taxed against you;
4. Your share of pre- or post-judgment interest assuming that the principal amount of that judgment is within the applicable policy limits under this insurance; and
5. Expenses we incur.

H. RECOVERY FROM OTHERS is amended to read:

Our ability to exercise your rights to recover our payment from anyone liable for an injury covered by this insurance does not apply if that other person is insured for the same loss by us. This limitation applies only if the loss was caused by the non-intentional acts of the person against whom subrogation is sought.

PART FIVE - PREMIUM

G. AUDIT is amended to read:

You will let us examine and audit all your records that relate to this policy. These records include ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records, and programs for storing and retrieving data.

We may conduct the audits during regular business hours during the policy period and within three years after the policy period ends, except as it pertains to Part Two - Employer's Liability Insurance which shall be one year. Information developed by audit will be used to determine final premium. Insurance rate service organizations have the same rights we have under this provision.

WC 22 00 00A (Ed. 11-03)

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

MINNESOTA CANCELLATION AND NONRENEWAL ENDORSEMENT

This endorsement applies only to the insurance provided because Minnesota is shown in Item 3.A. of the Information Page.

CANCELLATION OF A NEW POLICY

If this policy is a new policy and has been in effect for fewer than 90 days, we may cancel for any reason by giving you notice at least 60 days before the effective date of cancellation.

CANCELLATION OF OTHER POLICIES

If this policy has been in effect for 90 days or more, or if it is a renewal of a policy we issued, we may cancel FOR ONE OR MORE of the following reasons:

1. Nonpayment of premium;

2. Misrepresentation or fraud made by you or with your knowledge in obtaining the policy or in pursuing a claim under the policy;

3. An act or omission by you that substantially increases or changes the risk insured;

4. Refusal by you to eliminate known conditions that increase the potential for loss after notification by us that the condition must be removed;

5. Substantial change in the risk assumed, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing this policy;

6. Loss or reinsurance by us which provided coverage to us for a significant amount of the underlying risk insured. Any notice of cancellation pursuant to this item shall advise you that you have 10 days from the date of receipt of the notice to appeal the cancellation to the commissioner of commerce and that the commissioner will render a decision as to whether the cancellation is justified because of the loss of reinsurance within 30 business days after receipt of the appeal;

7. A determination by the commissioner that the continuation of the policy could place us in violation of the Minnesota insurance laws; or

8. Nonpayment of dues to an association or organization, other than an insurance association or organization, where payment of dues is a prerequisite to your obtaining or continuing this policy. This item shall not apply to persons who are retired at 62 years of age or older or who are disabled according to Social Security standards.

If we cancel your policy for any of the reasons listed in (2) through (8), we will give notice at least 60 days before the effective date of cancellation.

WC 22 06 01D (Ed. 08-06)

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MINNESOTA CANCELLATION AND NONRENEWAL ENDORSEMENT - CONTINUED

NOTICE OF CANCELLATION

Any notice of cancellation under this endorsement shall be in writing and shall be sent by first class mail or delivered to you and any agent, to the last mailing addresses known to us. A cancellation notice for nonpayment of premium must be sent at least 30 days before the actual date of cancellation and shall state the amount of premium due and the due date, shall state the effect of nonpayment by the due date. Cancellation shall not be effective if payment of the amount due is made prior to the effective date of cancellation in the notice. A cancellation notice for some other reason shall state the specific reason for cancellation and shall state the effective date of cancellation. The policy will end on that date.

REFUNDS DUE YOU

If this policy is canceled, we will send you any premium refund due. If we cancel, the refund will be pro rata. If you cancel, the refund may be less than pro rata. The cancellation will be effective even if we have not made or ordered a refund.

NONRENEWAL OF YOUR POLICY

Any notice of nonrenewal shall be in writing and shall be sent by first class mail, or delivered to you and any agent, to the last mailing addresses known to us, at least 60 days before the expiration date.

We need not mail or deliver this nonrenewal notice if you have:

1. Insured elsewhere;

2. Accepted replacement coverage; or

3. Requested or agreed not to renew this policy.

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

WC 22 06 01D (Ed. 08-06)

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LARGE DEDUCTIBLE AMENDATORY ENDORSEMENT
MISSOURI SPECIAL PROVISIONS

As respects to Missouri exposure the following is replaced and amended to read as follows:

Section E. ADDITIONAL CONDITIONS: Paragraph 2. CANCELLATION:

You must (a) promptly pay all amounts for which you are responsible under this endorsement, and (b) reimburse us for any such amounts that we pay or advance upon receipt of a billing from us.

If you fail to do so, we may cancel this policy for violation of the terms and conditions of this policy.

WC 99 06 31 ED. 01/08

MISSOURI AMENDATORY ENDORSEMENT

This endorsement applies only to the insurance provided by the policy because Missouri is shown in Item 3.A. of the Information Page.

Section G., AUDIT of Part Five (Premium) of the policy is replaced by the following:

G. AUDIT

You will let us examine and audit all your records that relate to this policy during regular business hours during and after the policy period ends. These records include ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records, and programs for storing and retrieving data. Information developed by audit will be used to determine final premium. Insurance rate service organizations have the same rights we have under this provision.

Audits shall be completed, billed, and premiums returned within 120 days of policy expiration or cancellation. This standard of 120 days shall not be applicable if:

1. A delay is caused by your failure to respond to reasonable audit requests provided that the requests are timely and adequately documented; or

2. A delay is by the mutual agreement of you and us provided that the agreement is adequately documented.

If you or we have any objection to the results of any audit, you or we shall have up to three years from the date of expiration or cancellation of this policy in which to send a written notice demanding a reconsideration of the audit. The written notice shall be based upon sufficiently clear and specific facts as to why the audit should be reconsidered.

If you do not allow us to examine and audit all of your records that relate to this policy or do not provide audit information as reasonably requested, we may apply an Audit Noncompliance Charge equal to estimated annual premium.

If you allow us to examine and audit all of your records after we have applied an Audit Noncompliance Charge, your premium will be revised accordingly.

Failure to cooperate with this policy provision may also result in the cancellation of your insurance coverage, as specified under the policy and allowed under Missouri law.

WC 24 06 04 A (Ed. 09-13)

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MISSOURI CANCELATION AND NONRENEWAL ENDORSEMENT

This endorsement applies only to the insurance provided by the policy because Missouri is shown in item 3.A of the Information Page.

The Cancelation Condition of the policy is replaced by the following:

Cancelation

1. You may cancel this policy. You will mail or deliver advance written notice to us, stating when the cancelation is to take effect.

2. We may cancel this policy. We will mail or deliver to you not less than 60 days advance written notice stating when the cancelation is to take effect and our reason for cancelation. Proof of mailing of this notice to you at your mailing address shown in Item 1 of the Information Page will be sufficient to prove notice.

3. The 60-day notice requirement does not apply where cancelation is based on one or more of the following reasons:

   a. nonpayment of premium;

   b. fraud or material misrepresentation affecting the policy or in the presentation of a claim under the policy;

   c. a violation of policy terms;

   d. changes in condition after the effective date of the policy materially increasing the hazards originally insured;

   e. our insolvency;

   f. our involuntary loss of reinsurance for the policy.

4. The policy period will end on the day and hour stated in the cancelation notice.

Nonrenewal

1. We may elect not to renew the policy. We will mail to you not less than 60 days advance written notice stating when the non-renewal will take effect and our reason for nonrenewal. Proof of mailing this notice to you at your mailing address shown in Item 1 of the Information Page will be sufficient to prove notice.

2. If we fail to provide the notice of nonrenewal as required, the policy will still terminate on its expiration date if:

   a. we show you our willingness to renew the policy but you notify us or the agent or broker who procured this policy that you do not want the policy renewed; or

   b. you fail to pay all premiums when due; or

   c. you obtain other insurance as a replacement of the policy.

WC 24 06 01 B (Ed. 01-96)

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MISSOURI EMPLOYER PAID MEDICAL ENDORSEMENT

This endorsement applies only to the insurance provided by the policy because Missouri is shown in Item 3.A. of the Information Page.

As a Missouri employer, you have the right, as provided by Section 287.957 of the Revised Statutes of Missouri, to have medical-only claims that do not exceed $1,000 excluded from your experience modification calculation. This will only be allowed when you pay all of the employee's medical costs, there is no lost time from the employment, other than the first three days or less of disability and no claim is filed. You still must report all injuries, regardless of the dollar amount, to the Division of Workers' Compensation and to us.

However, it should be noted that if, at any time, the medical expenses that are paid "out-of-pocket" due to a particular injury should ever exceed $1,000 in the aggregate, and/or the employee misses more than three days from work due to the injury, than this injury must be reported to us as a claim. We will pay the full amount of the claim, which includes any reimbursements due to you for past medical expenses incurred by you for this particular claim. As a result, the total amount of losses incurred by us due to this claim will be included in your experience modification calculation.

WC 24 04 06C (Ed. 08 05)

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MISSOURI NOTIFICATION OF ADDITIONAL MESOTHELIOMA BENEFITS ENDORSEMENT

This endorsement applies only to insurance provided by the policy because Missouri is shown in Item 3.A. of the Information Page.

Section 287.200.4, subdivision (3), of the Missouri Revised Statutes provides additional benefits in the case of occupational diseases due to toxic exposure that are diagnosed to be mesothelioma and result in permanent total disability or death. Your policy provides insurance for these additional benefits.

If you reject liability for mesothelioma additional benefits provided under Section 287.200.4, subdivision (3), of the Missouri Revised Statutes, you must notify us of this election. Once you notify us, we will endorse this policy to exclude insurance for these additional benefits. If you reject liability for mesothelioma additional benefits, the exclusive remedy provisions under Missouri Revised Statutes Section 287.120 shall not apply to your liability for mesothelioma additional benefits.

WC 24 03 02 (Ed. 1-14)

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MISSOURI PROPERTY AND CASUALTY GUARANTY ASSOCIATION ENDORSEMENT

This endorsement applies only to the insurance provided by the policy because Missouri is shown in Item 3.A. of the Information Page.

Missouri Property and Casualty Insurance Guaranty Association Coverage Limits:

1. Subject to the provisions of the Missouri Property and Casualty Insurance Guaranty Association Act (Act), if we are a member of the Missouri Property and Casualty Insurance Guaranty Association (Association), the Association will pay claims covered under the Act if we become insolvent.

2. The Act contains various exclusions, conditions and limitations that govern a claimant's eligibility to collect payment from the Association and affect the amount of any payment. The following limitation applies subject to all other provisions of the Act:

   a. Claims covered by the Association do not include a claim by or against an insured of an insolvent insurer if the insured has a net worth of more than $25 million on the later of the end of the insured's most recent fiscal year or the December thirty-first of the year next preceding the date the insurer bcomes an insolvent insurer; provided that an insured's net worth on such date shell be deemed to include the aggregate net worth of the insured and all its affiliates as calculated on a consoliadated basis.

   If the insured prepares an annual report to shareholders, or an annual report to management reflecting net worth, then such report for the fiscal year immediately preceding the date of insolvency of the insurer will be used to determine net worth.

   However, the association will not:

   (1) Pay an amount in excess of the applicable limit of insurance of the policy from which a claim arises; or

   (2) Return to an insured any unearned premium in excess of $25,000.

   These limitations have no effect on the coverage we will provide under this policy.

WC 24 06 02B (Ed. 07-06)

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NEVADA CANCELLATION AND NONRENEWAL ENDORSEMENT

This endorsement applies to the insurance provided by this policy, because Nevada is shown in Item 3.A. of the Information Page.

Part Six - Conditions, D. Cancellation of the policy is replaced by the following:

A. MIDTERM CANCELLATION

1. You may cancel this policy by mailing or delivering advance written notice to us stating when the cancellation is to take effect.

2. We will provide you not less than 10 days notice if this policy is cancelled because you failed to pay a premium or remit an amount due because of an endorsement for a deductible when due.

3. We will provide you not less than 30 days notice for any other cancellation reason permitted under Nevada law, including failure to pay additional premium charged due to an audit of any payroll under the terms of the current or previous policy.

4. No policy of industrial insurance that has been in effect for at least 70 days or that has been renewed may be cancelled, except on any one of the following grounds:

   a. A failure by the policyholder to pay a premium for the policy of industrial insurance when due, including the failure of the policyholder to remit an amount due because of an endorsement for a deductible;

   b. A failure by the policyholder to:

      (1) Report any payroll;

      (2) Allow the insurer to audit any payroll in accordance with the terms of the policy or any previous policy issued by the insurer; or

      (3) Pay any additional premium charged because of an audit of any payroll as required by the terms of the policy or any previous policy issued by the insurer.

   c. A material failure by the policyholder to comply with any federal or state order concerning safety or any written recomendation of the insurer's designated representative for loss prevention;

   d. A material change in ownership of the policyholder or any change in the policyholder's business or operations that:

      (1) Materially increases the hazard for frequency or severity of loss;

      (2) Requires additional or different classifications for the calculation of premiums; or

WC 27 06 01C (Ed. 10 08)

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(3) Contemplates an activity that is excluded by any reinsurance treaty of the insurer;

e. A material misrepresentation made by the policyholder; or

f. A failure by the policyholder to cooperate with the insurer in conducting an investigation of a claim.

5. We cannot cancel the policy when the referenced reasons are corrected by you within the time specified in the written notice of cancellation.

B. NONRENEWAL

1. We may elect not to renew the policy. We will provide to you a written notice of our intention not to renew at least 60 days before the expiration date.

2. We need not provide notice of our intention not to renew if you have accepted replacement coverage, if you have requested or agreed to nonrenewal, or if the policy is expressly designated as nonrenewable.

C. INFORMATION ABOUT CLAIMS PAID

1. If you request information for the renewal of the policy, we will provide you with information regarding claims paid on your behalf.

2. We will provide the information within 30 working days after we receive your written request. We may charge a reasonable fee for providing the information.

D. NOTICES

1. We will provide advance written notice of cancellation or nonrenewal as provided in A and B above. This notice must be served personally on or sent by first-class mail or electronic transmission to the employer.

2. Notices will state the effective date of the cancellation or nonrenewal and will be accompanied by a written explanation of the specific reasons for the cancellation or nonrenewal.

3. A written notice of cancellation is not required if we mutually agree with you to cancel the policy and reissue a new policy based upon a material change in the ownership or operation of your business.

E. COMPLIANCE WITH LAW

1. Any of these provisions that conflict with a law that controls the cancellation or renewal or nonrenewal of the insurance in this policy is changed by this statement to comply with the law.

WC 27 06 01C (Ed. 10 08)

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NEW JERSEY LARGE RISK-LARGE DEDUCTIBLE RETROSPECTIVE ADJUSTMENT ENDORSEMENT

This endorsement changes the New Jersey Large Risk-Large Deductible Endorsement attached to the policy.

1. You have agreed to the New Jersey Large Risk-Large Deductible Program under the New Jersey Large Risk-Large Deductible Endorsement.

2. You have further agreed to retrospective adjustment of the deductible premium. The adjustment produces retrospective deductible premium which results directly from your loss experience during the term of the rating period. The loss experience will be valued according to the standard requirements of the New Jersey Statistical Plan. There is no minimum or maximum premium factor applicable to this adjustment. The inclusion of an occurrence aggregate or policy aggregate, however, may limit the amount of reimbursable loss which, in turn, would affect the retrospective deductible premium payable by you.

3. The retrospective adjustment of the deductible premium will be determined by us during the sixth month after the end of the rating period. Adjustments based on subsequent valuations of loss experience at twelve month intervals will continue to be made by us until we and you agree that the latest adjustment is final. No other calculation will be made unless there is a clerical error in the final calculation.

NOTE: THIS SUPPLEMENTARY ENDORSEMENT IS TO BE ATTACHED TO POLICIES SUBJECT TO THE LARGE RISK-LARGE DEDUCTIBLE PROGRAM WHERE RETROSPECTIVE ADJUSTMENT OF THE DEDUCTIBLE PREMIUM HAS BEEN SELECTED AND THE NEW JERSEY LARGE RISK-LARGE DEDUCTIBLE ENDORSEMENT IS ALSO ATTACHED TO THE POLICY. SEE 3:10A OF THE N.J. MANUAL.

WC 29 06 02B (Ed. 01-05)

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NEW JERSEY LARGE RISK - LARGE DEDUCTIBLE ENDORSEMENT

1. This endorsement applies to the insurance provided by:
   Part One (Workers Compensation Insurance)
   Part Two (Employers Liability Insurance) and
   Part Three (Other States Insurance)

2. This endorsement applies between you and us. It does not affect the rights of others under the policy. Nor does it change our obligations under Part One, Part Two, or Part Three of the policy, except as otherwise stated in this endorsement.

3. In consideration of a reduced premium, you have agreed to reimburse us up to the deductible amounts stated in the Schedule at the end of this endorsement for all payments legally required, including allocated loss adjustment expense which arises out of any claim or suit we defend, where you elect to include such expense.

4. We will remain responsible for the full payment of all claims under this policy without regard to your ability or intention to reimburse us for the deductible amounts. The contract of insurance shall be fully enforceable by your employees or their dependents against us in accordance with NJSA 34:15-83.

Deductible - Each Occurrence/Each Claim

5. The deductible amount stated in the Schedule is the most you must reimburse us for indemnity and medical benefits and damages combined, including allocated loss adjustment expense if elected by you, for bodily injury to one or more employees as the result of any one accident or for disablement of one employee due to bodily injury by disease.

Deductible - Policy Aggregate

6. The amount stated in the Schedule as aggregate is the most you must reimburse us for the sum of all indemnity and medical benefits, damages, and allocated loss adjustment expense if elected by you, because of bodily injury by accident or bodily injury by disease for the policy period.

   a. If we cancel the policy, the aggregate amount stated in the Schedule will be reduced to a pro rata amount based on the time this policy was in force.

   b. If you cancel the policy as a result of your retiring from business, the aggregate deductible amount will be reduced to a pro rata amount based on the time this policy was in force.

   c. If you cancel the policy for any reason other than retiring from business, the aggregate deductible amount will not be reduced.

   d. If this policy is issued for a term of less than one year, the aggregate deductible amount will not be reduced.

WC 29 06 01 A (Ed. 01-94)

NEW JERSEY LARGE RISK - LARGE DEDUCTIBLE ENDORSEMENT - CONTINUED

Effect of Deductible on Limits of Liability

7. The applicable limits of liability as respects Part Two (Employers Liability Insurance) are subject to reduction by the application of the loss reimbursement amount(s) applicable to any claim for accident or disease covered by this policy. In the event of a claim, our obligation to pay is the amount available for benefits or damages that remains after the application of the specific loss reimbursement amount. The payment of loss adjustment expense, where such expense is elected by you, will not affect the limits of liability.

Allocated Loss Adjustment Expense

8. Allocated loss adjustment expense, which is electable by you, means claims expenses directly allocated by us to a particular claim. Such expense shall not include cost of investigation or the salaries and traveling expenses of our employees other than those salaried employees who perform services which can be directly allocated to the handling of a particular claim.

Recovery From Others

9. If we recover any payments made under this policy from anyone liable for the injury, the amount we recover will be applied as follows:

   a. First, to any payments made by us in excess of the deductible amount; and

   b. Then the remainder, if any, will be applied to reduce the deductible amount reimbursable by you.

Cancelation

10. If you fail to reimburse us for any amounts as required by this endorsement, we may cancel this policy for nonpayment in accordance with the provisions of statute. We will remain fully responsible for the full amount of all claims incurred prior to the effective date of cancelation.

Sole Representation

11. The first Named Insured stated in the Information Page will act on behalf of all the named insureds with respect to:

   a. Changes to this endorsement

   b. Obligations to receive premiums

   c. Giving or receiving notice of cancelation

Your Duties and Understandings

12. All bodily injuries by accident or disease for which you are responsible shall be promptly reported to us for adjustment and payment, regardless of their severity or cost. You further understand that all such bodily injuries and their cost shall be included in experience data used to determine the experience rating for your policy, regardless of the eligibility of such claims for full or partial reimbursement under the deductible provisions of this policy.

WC 29 06 01 A (Ed. 01-94)

NEW JERSEY LARGE RISK - LARGE DEDUCTIBLE ENDORSEMENT - CONTINUED

Other Rights and Duties

13. All other terms of the policy, including those which govern the following items, apply irrespective of this deductible endorsement:

    a. Our right and duty to defend any claim, proceeding or suit against you and

    b. Your duties if injury occurs:

14. The surcharges for the Second Injury Fund and Uninsured Employers Fund and the premium charge for the expense constant are not part of the Large Risk-Deductible Program but are included in the total cost of the coverage provided by the policy to which this endorsement is attached.

Schedule

Coverage	Deductible Amount	Basis
Bodily Injury by Accident	$ 250,000	each accident
Bodily Injury by Disease	$ 250,000	each employee
All Covered Bodily Injury	$ NIL	aggregate

WC 29 06 01 A (Ed. 01-94)

SENTRY CASUALTY COMPANY
Carrier Code No. 37877

WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE POLICY

POLICY NUMBER 90-16567-04 00 151

NEW JERSEY PART TWO EMPLOYERS LIABILITY ENDORSEMENT

This endorsement applies only to the insurance provided by Part Two (Employers Liability Insurance) because New Jersey is shown in Item 3.A. of the Information Page.

With respect to Exclusion C5, this insurance does not cover any and all intentional wrongs within the exception allowed by N.J.S.A.34:15-8 including but not limited to, bodily injury caused or aggravated by an intentional wrong committed by you or your employees, or bodily injury resulting from an act or omission by you or your employees, which is substantially certain to result in injury.

With respect to Exclusion C7 we will defend any claim, proceeding or suit for damages where bodily injury is alleged. We have the right to investigate and settle. We will not defend or continue to defend after the applicable limits of insurance have been paid. Such policy limits include any legal costs assessed against you on behalf of your employee(s).

We may not limit our liability to pay damages for which we become legally liable to pay because of bodily injury to an infant under the age of 18 years in a proceeding made pursuant to Article 2 as provided in N.J.S.A.34:15-10.

This insurance does not provide for the payment of any common law negligence damages or other damages when the provisions of Article 2 of the New Jersey Workers Compensation Law have been rejected by you and your employee(s) as provided in N.J.S.A.34:15-9.

With respect to paragraph F., the "Other Insurance" provisions is replaced with the following:

F. Other Insurance

We will not pay more than our share of damages and costs covered by this insurance and other insurance or self-insurance. Subject to any limits of liability that apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all remaining insurance and self-insurance will be equal until the loss is paid.

This insurance, however, is excess over any other applicable insurance with respect to claims for bodily injury arising out of employer practices, policies, acts or omissions enumerated in C-7 above, whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise.

WC 29 03 06B (Ed. 07-07)

LARGE DEDUCTIBLE AMENDATORY ENDORSEMENT

NEW YORK SPECIAL PROVISIONS

As respects to New York exposure and the Large Deductible endorsements WC 99 06 61, WC 99 06 62, WC 99 06 63 and WC 99 06 64:

You may choose a claims service organization of your choice.

Section B. ADVANCES - We will advance all first dollar deductible amounts.

Section E.2. CANCELLATION - Except for non-payment of premiums, cancellation does not become effective until 30 days after notice of cancellation is served on the employer by certified mail and filed with the office of the Chair of the Workers Compensation Board.

For non-payment, cancellation does not become effective until 10 days after the notice is served on the employer by certified mail and filed with the office of the Chair of the Workers Compensation Board.

Section E.4.b. ADDITIONAL CONDITIONS - The letter of credit must comply with Regulation 133.

As respects to New York exposure and the Large Deductible endorsement WC 99 06 61 or WC 99 06 63 applying there, the first paragraph is revised as follows:

This deductible endorsement is between you and us. It does not affect, change or alter the rights of others under the policy. You agree to pay up to the deductible amount shown in Table 1, benefits and damages as described below.

We will pay for any amounts that we advance or may be required by law to pay which are within the deductible amounts which constitute 'allocated loss adjustment expense'.

WC 99 31 04 (Ed. 01-08)

NEW YORK CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM
EXPLANATORY ENDORSEMENT

The New York Construction Classification Premium Adjustment Program (NYCCPAP) allows premium credits for some employers in the construction industry. These credits exist to recognize the difference in wage rates between employers within the same construction industries in New York.

The declarations section of this policy will show a credit of 0.00% if you are not eligible for this credit, or if you are eligible for this credit and have not yet applied for a credit. Credits are earned for average wages in excess of $23.24 per hour for each eligible class. If your policy shows one of the following classification codes, and you are experience rated, you are eligible to apply for an NYCCPAP credit:

0042	5057	5193	5429	5491	5606	6003	6229	6325	9526
3365	5059	5213	5443	5506	5610	6005	6233	6400	9527
3724	5069	5221	5445	5507	5645	6017	6235	6701	9534
3726	5102	5222	5462	5508	5648	6018	6251	7536	9539
3737	5160	5223	5473	5536	5651	6045	6252	7538	9545
5000	5183	5348	5474	5538	5701	6204	6260	7601	9549
5022	5184	5402	5479	5545	5703	6216	6306	7855	9553
5037	5188	5403	5480	5547	5709	6217	6319	8227	
5040	5190	5428							

The basis for determining the credit is the limited payroll of each employee for the number of hours worked (excluding overtime premium pay) for each construction classification (other than employees engaged in the construction of one or two-family residential housing) for the third quarter, as reported to taxing authorities, for the year preceding the policy date. Total payroll is to continue to be reported for employees engaged in the construction of one or two-family residential housing. For example:

POLICY EFFECTIVE DATE	THIRD QUARTER PAYROLL
4/1/12 thru 3/31/13	2011
4/1/13 thru 3/31/14	2012
4/1/14 thru 3/31/15	2013
4/1/15 thru 3/31/16	2014
4/1/16 thru 3/31/17	2015
4/1/17 thru 3/31/18	2016

If you have any eligible classes on your policy, you should have been notified by your insurance carrier or the New York Compensation Insurance Rating Board approximately nine months prior to the inception date of this policy. If you believe you may be eligible for a credit and have not received an application, you should immediately contact your agent, insurance carrier, or the New York Compensation Insurance Rating Board.

Credits are calculated by the New York Compensation Insurance Rating Board. You must submit a completed application to: Attention: Field Services Department, New York Compensation Insurance Rating Board, 733 Third Avenue, New York, New York 10017.

WC 31 03 19G (Ed. 10 13)

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NEW YORK CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM
EXPLANATORY ENDORSEMENT - CONTINUED

Applications must be received by the Rating Board three (3) months prior to the policy renewal effective date. The Rating Board will accept and process an application if it is received between the policy effective and expiration date, however, it must be accompanied by a letter stating the reason for the delay. Under no circumstances will an application be accepted for any policy if it is received after the expiration date of the policy. For short-term policies the application must be received prior to the expiration date of the short-term policy. If it is received after the policy expiration, no credit will be calculated.

The New York Workers Compensation and Employers Liability Insurance Manual, and not this endorsement, govern the implementation and use of the NYCCPAP.

For online entry of the information requested on this form refer to:
http://cpap.nycirb.org/

WC 31 03 19G (Ed. 10 13)

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NEW YORK LIMIT OF LIABILITY ENDORSEMENT

This endorsement applies only to the insurance provided by Part Two (Employers Liability Insurance) because New York is shown in item 3.A of the Information Page.

We may not limit our liability to pay damages for which we become legally liable to pay because of bodily injury to your employees if the bodily injury arises out of and in the course of employment that is subject to and is compensable under the Workers Compensation Law of New York.

WC 31 03 08 (Ed. 04-84)

LARGE DEDUCTIBLE AMENDATORY ENDORSEMENT

NORTH CAROLINA SPECIAL PROVISIONS

As respects to North Carolina exposure the following are replaced and amended to read as follows:

Section E. Additional Conditions: Paragraph 2. Cancellation. You must (a) promptly pay all amounts for which you are responsible under this endorsement, and (b) reimburse us for any such amounts that we pay or advance upon receipt of a billing from us.

If you fail to do so, we may, at our option, cancel this endorsement by mailing or delivering to you not less than THIRTY days written notice stating the day and hour the cancellation is to take effect. Mailing that notice to you at your mailing address shown in Item 1 of the Information Page will be sufficient to prove notice.

WC 99 32 01 (Ed. 05/97)

NORTH CAROLINA AMENDED COVERAGE ENDORSEMENT

This endorsement applies only to the insurance provided by the policy because North Carolina is shown in Item 3.A. of the Information Page.

The CANCELLATION Condition of the policy is replaced by this Condition:

D. CANCELLATION AND NONRENEWAL

1. You may cancel this policy.

   If you cancel this policy, you must mail or deliver advance written notice to us stating when the cancellation is to take effect.

2. We may cancel this policy.

   (a) If this policy has been in effect for fewer than 60 days and is not a renewal policy, we may cancel this policy for any reason by giving you at least 30 days prior written notice of cancellation and the reasons for cancellation by registered or certified mail, return receipt requested.

   (b) If this policy has been in effect for at least 60 days or is a renewal policy, we may not cancel this policy without your prior written consent, except for any one of the following reasons:

      (1) Nonpayment of premium in accordance with the policy terms.

      (2) An act or omission by you or your representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining the policy, continuing the policy, or presenting a claim under the policy.

      (3) Increased hazard or material change in the risk assumed that could not have been reasonably contemplated by you and us at the time of assumption of the risk.

      (4) Substantial breach of contractual duties, conditions, or warranties that materially affects the insurability of the risk.

      (5) A fraudulent act against us by you or your representative that materially affects the insurability of the risk.

      (6) Willful failure by you or your representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by us.

      (7) Loss of facultative reinsurance or loss of or substantial changes in applicable reinsurance as provided in G.S. 58-41-30.

      (8) Your conviction of a crime arising out of acts that materially affect the insurability of the risk.

WC 32 03 01C (Ed. 01-14)

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NORTH CAROLINA AMENDED COVERAGE ENDORSEMENT - CONTINUED

(9) A determination by the Commissioner that the continuation of this policy would place us in violation of the laws of North Carolina.

(10) You fail to meet the requirements contained in our corporate charter, articles of incorporation, or bylaws, when we are a company organized for the sole purpose of providing members of an organization with insurance coverage in North Carolina.

(c) If we cancel for any of the reasons listed in paragraph (b), we must provide you with at least 15 days prior written notice of cancellation stating the precise reason for cancellation. We may provide this notice by registered or certified mail, return receipt requested, to you and any other person designated in the policy to receive notice of cancellation at the addresses shown in the policy or, if not indicated in the policy, at the last known addresses. Whenever notice of cancellation is given by registered or certified mail, cancellation will not be effective unless and until that method is employed and completed. Notice of cancellation may also be given by any method permitted for service of process pursuant to Rule 4 of the North Carolina Rules of Civil Procedure. Failure to send notice as provided in this paragraph to any other person designated in the policy to receive notice of cancellation invalidates the cancellation only as to that other person's interest.

(d) Cancellation for nonpayment of premium is not effective if the amount due is paid before the effective date stated in the notice of cancellation.

3. We may refuse to renew this policy

(a) If this policy is for a term of one year or less, we must provide you with notice of nonrenewal at least 45 days prior to the expiration date of the policy.

(b) If this policy is for a term of more than one year or for an indefinite term, then to nonrenew the policy at the policy anniversary date we must provide you with notice of nonrenewal at least 45 days prior to the anniversary date of the policy.

(c) The notice of nonrenewal must state the precise reason for nonrenewal. Failure to send this notice, as provided in paragraphs 3 and 5, to any other person designated in the policy to receive this notice invalidates the nonrenewal only as to that other person's interest.

(d) Any nonrenewal attempted or made that is not in compliance with paragraphs (a), (b) and (c) is not effective. Paragraphs (a), (b) and (c) do not apply if you have obtained insurance elsewhere, have accepted replacement coverage, or have requested or agreed to nonrenewal.

4. Whenever we lower coverage limits, raise deductibles, or raise premium rates for reasons within our exclusive control and other than at your request, we will mail you written notice of the change at least 30 days in advance of the effective date of the

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NORTH CAROLINA AMENDED COVERAGE ENDORSEMENT - CONTINUED

change. As used in this paragraph, the phrase, "reasons within our exclusive control" does not mean experience modification changes, exposure changes, or loss cost rate changes.

5. We must provide the notice required by paragraphs 3 and 4 by mail to you and any other person designated in the policy to receive this notice at the addresses shown in the policy or, if not indicated in the policy, at the last known addresses. Mailing copies of the notice by regular first-class mail satisfies the notice requirements of paragraphs 3, 4 and 5.

6. We will also send copies of the notice required by this endorsement to the agent or broker of record, though failure to send copies of the notice to the agent or broker of record will not invalidate a cancellation or nonrenewal. Mailing copies of the notice by regular first-class mail to the agent or broker of record satisfies the requirements of this paragraph. Notice of nonrenewal may also be given by any method permitted for service of process pursuant to Rule 4 of the North Carolina Rules of Civil Procedure.

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(THE INFORMATION BELOW IS REQUIRED ONLY WHEN THIS ENDORSEMENT IS ISSUED SUBSEQUENT TO PREPARATION OF THE POLICY.)

Endorsement Effective Policy No. Endorsement No.

Premium $

Insured

Insurance Company

Countersigned by _____

WC 32 03 01C (Ed. 01-14)

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WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

LARGE DEDUCTIBLE AMENDATORY ENDORSEMENT
OREGON SPECIAL PROVISIONS

As respects to Oregon exposure and the Large Deductible endorsement applying there, the following is added, as follows:

Item E. - ADDITIONAL CONDITIONS - Paragraphs:

4c. You must report all Workers' Compensation Claims to us.

4d. We retain the responsibility to administer claims and pay all costs and expenses.

5. If we discover that you have on three or more occasions during the policy period known of a Workers' Compensation claim for five (5) days or longer but have not reported it to us or have on any occasion within the policy period made direct payment of claim costs, we are required to cancel this policy in accordance with the conditions.

6. The basis for the Workers' Compensation Premium Assessment will be premium earned prior to any premium credits or modifications for the large deductible provisions.

7. The premium credit percentage and the amount credited under the large deductible will be recalculated after final premium audit based on the actual premium or exposures and after any retrospective premium adjustments for any policies that are retrospectively rated.

8. We shall offer occupational safety and health loss control consulting services as required under Oregon law.

WC 99 36 03 (Ed. 05 06)

OREGON CANCELLATION ENDORSEMENT

This endorsement applies only to the insurance provided by the policy because Oregon is shown in Item 3.A. of the Information Page.

The CANCELLATION Condition of the policy is replaced by this Condition:

D. CANCELLATION

1. You may cancel this policy. You must mail or deliver advance written notice to us, stating when the cancellation is to take effect. If you provide for other insurance or self-insurance, your cancellation of coverage will take effect upon the effective date of that insurance.

2. We may cancel this policy. We will mail to you advance written notice stating when the cancellation is to take effect.

   a. If we cancel based on our decision not to offer insurance to all employers within your premium category, we will mail the the notice of cancellation at least 90 days before the cancellation is to take effect.

   b. If we cancel for other reasons, we will mail the notice of cancellation at least 45 days before the cancellation is to take effect.

   c. If we cancel for nonpayment, we will mail notice of cancellation at least 10 days before the cancellation is to take effect.

3. Mailing notice to you at your last known mailing address will be sufficient to prove notice.

4. The policy period will end at 12 midnight on the day stated in the cancellation notice.

5. When coverage is placed with another carrier as of the policy expiration date, a rejected renewal policy shall be withdrawn without charge, provided notice of nonrenewal is mailed and postmarked on or before the expiration date and is received from the insured by the insurer no later than 10 calendar days after said expiration date.

WC 36 06 01 E (Ed. 01-08)

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OREGON CONFIDENTIALITY ENDORSEMENT

We may furnish you with certain documentation that includes confidential information. As used in this endorsement, "confidential information" means any and all medical and vocational claim records and information about an injured worker. We make this information available to you for the sole purpose of assisting us to manage, defend, or adjust claims.

1. You agree to hold all information provided by us in trust and confidence.

2. You and your employees must not disclose confidential information about an injured worker to anyone except us unless required to do so by law or with written consent of the injured worker. You will take steps necessary to protect the confidentiality of information about injured workers, including obtaining specific contractual promises from your employees and agents not to disclose any confidential information except as provided in this endorsement. You must not use confidential information for purposes other than those necessary to directly further the purposes of this endorsement.

3. You must not use confidential information in such a manner that is likely to allow other persons to know the name or identity of an injured worker, or allow other persons to know any other particulars of a worker's injury claim, except for those matters over which you as an employer have the ability and the right to direct and control. In no case can you use confidential information either singly or in concert to discriminate unlawfully against any injured worker.

WC 36 06 02 (Ed. 01-11)

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OREGON LIMITS OF LIABILITY ENDORSEMENT

This endorsement applies only to the insurance provided by the policy because Oregon is shown in Item 3.A. of the Information Page.

The limits of our liability under Part Two of the policy are:

Bodily Injury by Accident	$500,000	or the amount shown in Item 3.B. of the Information Page, whichever is greater, each accident
Bodily Injury by Disease	$500,000	or the amount shown in Item 3.B. of the Information Page, whichever is greater, policy limit
Bodily Injury by Disease	$500,000	or the amount shown in Item 3.B. of the Information Page, whichever is greater, each employee

This change applies to the insurance this policy provides for Oregon operations only.

WC 36 03 06 (Ed. 01-02)

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OREGON PREMIUM DUE DATE ENDORSEMENT

This endorsement is used to amend:

Section D of Part Five of the policy is replaced by this provision.

PART FIVE
PREMIUM

D. Premium is amended to read:

You will pay all premium when due. You will pay the premium even if part or all of a workers compensation law is not valid. The due date for audit and retrospective premiums is the date specified in the billing invoice for that policy.

WC 36 04 06 1001

LARGE DEDUCTIBLE AMENDATORY ENDORSEMENT
PENNSYLVANIA SPECIAL PROVISIONS

As respects to Pennsylvania exposure the following is replaced and amended to read as follows:

Section E. ADDITIONAL CONDITIONS: Paragraph 2. CANCELLATION:

You must (a) promptly pay all amounts for which you are responsible under this endorsement, and (b) reimburse us for any such amounts that we pay or advance upon receipt of a billing from us.

If you fail to do so, we may cancel this endorsement for violation of the terms and conditions of this policy.

WC 99 06 34 ED. 01/08

SENTRY CASUALTY COMPANY
Carrier Code No. 37877

WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE POLICY

POLICY NUMBER 90-16567-04 00 151

PENNSYLVANIA ACT 86-1986 ENDORSEMENT

NONRENEWAL, NOTICE OF INCREASE OF PREMIUM,
AND RETURN OF UNEARNED PREMIUM

This endorsement applies only to the insurance provided by the policy because Pennsylvania is shown in Item 3.A. of the Information Page.

The policy conditions are amended by adding the following regarding nonrenewal, notice of increase in premium, and return of unearned premium.

Nonrenewal

1. We may elect not to renew the policy. We will mail to each named insured, by first class mail, not less than 60 days advance notice stating when the nonrenewal will take effect. Mailing that notice to you at your mailing address last known to us will be sufficient to prove notice.

2. Our notice of nonrenewal will state our specific reasons for not renewing.

3. If we have indicated our willingness to renew, we will not send you a notice of nonrenewal. However, the policy will still terminate on its expiration date if:

   a. you notify us or the agent or broker who procured this policy that you do not want the policy renewed; or

   b. you fail to pay all premiums when due; or

   c. you obtain other insurance as a replacement of the policy.

*Notice of Increase in Premium

*1. We will provide you with not less than 60 days notice of intent to increase the premium on the renewal of this policy, if it is our intent to offer such renewal.

*2. We will provide you with not less than 30 days notice of an estimate of the renewal premium, if it is our intent to offer such renewal.

*3. The above notification requirements will be satisf ied if we have issued a renewal policy before the time periods indicated in Items 1. and 2. above.

4. If a policy has been written or is to be written on a retrospective rating plan basis, the notice of increase in premium provisions of this endorsement do not apply.

Return of Unearned Premium

1. If this policy is cancelled and there is unearned premium due you:

   a. If the Company cancels, the unearned premium will be returned to you within 10 business days after the effective date of cancellation.

WC 37 06 03A (Ed. 08-95)

PENNSYLVANIA ACT 86-1986 ENDORSEMENT - CONTINUED

b. If you cancel, the unearned premium will be returned within 30 days after the effective date of cancellation.

2. Because this policy was written on the basis of an estimated premium and is subject to a premium audit, the unearned premium specified in 1a. and 1b. above, if any, shall be returned on an estimated basis. Upon our completion of computation of the exact premium, an additional return premium or charge will be made to you within 15 days of the final computation.

3. These return of unearned premium provisions shall not apply if this policy is written on a retrospective rating plan basis.

WC 37 06 03A (Ed. 08-95)

SENTRY CASUALTY COMPANY
Carrier Code No. 37877

WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE POLICY

POLICY NUMBER 90-16567-04 00 151

PENNSYLVANIA

EMPLOYER ASSESSMENT ENDORSEMENT

Act 57 of 1997 requires that "... the assessments for the maintenance of the Subsequent Injury Fund, the Workmen's Compensation Supersedes Fund and the Workmen's Compensation Administration Fund under sections 306.2, 443 and 446 of the act of June 2, 1915 (P.L. 736, No. 338), known as the "Workers' Compensation Act, shall be imposed, collected and remitted through insurers in accordance with regulations promulgated by the Department of Labor and Industry".

EMPLOYER ASSESSMENT FORMULA:

Employer Assessment	=	Act 57 of 1997 Employer Assessment Factor	X	Employer Assessment Premium Base

Act 57 of 1997 Employer Assessment Factor
A factor expressed to four decimal places proposed by the Pennsylvania Compensation Rating Bureau and approved by the Pennsylvania Insurance Commissioner.

Employer Assessment Premium Base
Calculation of Employer Assessment Premium Base proceeds by adding back to the total policy premium the amount of any Small Deductible Premium Credit or Large Deductible Premium Credit.

CODE 0938

EMPLOYER ASSESSMENT FACTOR	EMPLOYER ASSESSMENT
0.0164	$ Refer to Declarations Page

Policy effective: 07-01-15

Named Insured: KAPSTONE PAPER AND PACKAGING

WC 37 06 04 (Ed. 10-99)

PENNSYLVANIA MERIT RATING PLAN ENDORSEMENT

This endorsement applies to the insurance provided by this policy because Pennsylvania is shown in Item 3.A of the Information page.

The premium for this insurance may be subject to merit rating because your premium may be less than the amount necessary to be eligible for the uniform Experience Rating Plan.

The following premium discount or surcharge will be applied to your manual premium based on your claims during the most recent two year period for which statistics are available.

1. A 5% credit (discount) will be applied if you had no compensable employee lost-time injuries - Statistical Code 9885.

2. No credit or debit will be applied if you had one (1) compensable employee lost-time injury -- Statistical Code 9884.

3. A 5% debit (surcharge) will be applied if you had two (2) or more compensable employee lost-time injuries -- Statistical Code 9886.

WC 37 04 05 (Ed. 08-96)

PENNSYLVANIA NOTICE

An Insurance Company, its agents, employees, or service contractors acting on its behalf, may provide services to reduce the likelihood of injury, death or loss. These services may include any of the following or related services incident to the application for, insurance, renewal or continuation of, a policy of insurance:

1. surveys;
2. consultation;
3. inspections.

The "Insurance Consultation Services Exemption Act" of Pennsylvania provides that the Insurance Company, its agents, employees or service contractors acting on its behalf, is not liable for damages from injury, death or loss occurring as a result of any act or omission by any person in the furnishing of or the failure to furnish these services.

The Act does not apply:

1. if the injury, death or loss occurred during the actual performance of the services and was caused by the negligence of the Insurance Company, its agents, employees or service contractors;
2. to consultation services required to be performed under written service contract not related to a policy of insurance; or
3. if any acts or omissions of the Insurance Company, its agents, employees or service contractors are judicially determined to constitute a crime, actual malice, or gross negligence.

WC 37 06 02 (Ed. 04-84)

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SENTRY CASUALTY COMPANY
Carrier Code No. 37877

WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE POLICY

POLICY NUMBER 90-16567-04

SPECIAL PENNSYLVANIA ENDORSEMENT -- INSPECTION OF MANUALS

The manuals of rules, rating plans, and classifications are approved pursuant to the provisions of Section 654 of the Insurance Company Law of May 17, 1921, P.L. 682, as amended, and are on file with the Insurance Commissioner of the Commonwealth of Pennsylvania.

WC 37 06 01 (Ed. 04-84)

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LARGE DEDUCTIBLE AMENDATORY ENDORSEMENT

TENNESSEE SPECIAL PROVISIONS
(APPLIES ONLY TO WC 99 06 64 AS IT RELATES TO TENNESSEE)

As respects to Tennessee exposure and the Large Deductible endorsment WC 99 06 64 applying there, the first paragraph is amended as follows:

LARGE DEDUCTIBLE ENDORSEMENT
(INCLUDING ALLOCATED LOSS ADJUSTMENT EXPENSE)

This deductible endorsement is between you and us. It does not affect, change or alter the rights of others under the policy. You agree to pay, up to the deductible amounts shown in Table 1, benefits and damages as described below. You agree to reimburse us for any amounts that we advance or may be required by law to pay which are within the deductible amounts including all "allocated loss adjustment expense". These amounts are subject to a Loss Conversion Factor which is comprised of amounts incurred by us as expenses in making advances or payments as provided herein.

WC 99 41 02 (Ed. 06-08)

TEXAS AMENDATORY ENDORSEMENT

This endorsement applies only to the insurance provided by the policy because Texas is shown in Item 3.A. of the Information Page.

GENERAL SECTION

B. WHO IS INSURED is amended to read:

You are insured if you are an employer named in Item 1 of the Information Page. If that employer is a partnership or joint venture, and if you are one of its partners or members, you are insured, but only in your capacity as an employer of the partnership's or joint venture's employees.

D. STATE is amended to read:

State means any state or territory of the United States of America, and the District of Columbia.

PART ONE - WORKERS COMPENSATION INSURANCE

E. OTHER INSURANCE is amended by adding this sentence:

This Section only applies if you have other insurance or are self-insured for the same loss.

F. PAYMENTS YOU MUST MAKE

This Section is amended by deleting the words "workers compensation" from number 4.

H. STATUTORY PROVISIONS

This Section is amended by deleting the words "after an injury occurs" from number 2.

PART TWO - EMPLOYERS LIABILITY INSURANCE

C. EXCLUSIONS

Sections 2 and 3 are amended to add:

This exclusion does not apply unless the violation of law caused or contributed to the bodily injury.

Section 6 is amended to read:

6. bodily injury occurring outside the United States of America, its territories or possessions, and Canada. This exclusion does not apply to bodily injury to a citizen or resident of the United States of America, Mexico or Canada who is temporarily outside these countries.

D. WE WILL DEFEND

This section is amended by deleting the last sentence.

WC 42 03 01 G (Ed. 6-14)

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TEXAS AMENDATORY ENDORSEMENT - CONTINUED

PART FOUR - YOUR DUTIES IF INJURY OCCURS

Number 6 of this part is amended to read:

6. Texas law allows you to make weekly payments to an injured employee in certain instances. Unless authorized by law, do not voluntarily make payments, assume obligations or incur expenses, except at your own cost.

PART FIVE - PREMIUM

A. OUR MANUALS is amended by adding this sentence:

In this part, "our manuals" means manuals approved or prescribed by the Texas Department of Insurance.

C. RENUMERATION

Number 2 is amended to read:

2. All other persons engaged in work that would make us liable under Part One (Workers Compensation Insurance) of this policy. This paragraph 2 will not apply if you give us proof that the employers of these persons lawfully secured workers compensation insurance.

E. FINAL PREMIUM

Number 2 is amended to read:

2. If you cancel, final premium will be calculated pro rata based on the time this policy was in force. Final premium will not be less than the pro rata share of the minimum premium.

PART SIX - CONDITIONS

A. INSPECTION is amended by adding this sentence:

Your failure to comply with the safety recommendations made as a result of an inspection may cause the policy to be canceled by us.

C. TRANSFER OF YOUR RIGHTS AND DUTIES is amended to read:

Your rights and duties under this policy may not be transferred without our written consent. If you die, coverage will be provided for your surviving spouse or your legal representative. This applies only with respect to their acting in the capacity as an employer and only for the workplaces listed in Items 1 and 4 on the Information Page.

D. CANCELATION is amended to read:

1. You may cancel this policy. You must mail or deliver advance notice to us stating when the cancelation is to take effect.

WC 42 03 01 G (Ed. 6-14)

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TEXAS AMENDATORY ENDORSEMENT - CONTINUED

2. We may cancel this policy. We may also decline to renew it. We must give you written notice of cancelation or nonrenewal. That notice will be sent certified mail or delivered to you in person.

   A copy of the written notice will be sent to the Texas Department of Insurance-Division of Workers' Compensation.

3. Notice of cancelation or nonrenewal must be sent to you not later than the 30th day before the date on which the cancelation or nonrenewal becomes effective, except that we may send the notice not later than the 10th day before the date on which the cancelation or nonrenewal becomes effective if we cancel or do not renew because of:

   a. Fraud in obtaining coverage;

   b. Misrepresentation of the amount of payroll for purposes of premium calculation;

   c. Failure to pay a premium when payment was due;

   d. An increase in the hazard for which you seek coverage that results from an action or omission and that would produce an increase in the rate, including an increase because of failure to comply with reasonable recommendations for loss control or to comply within a reasonable period with recommendations designed to reduce a hazard that is under your control;

   e. A determination by the Commissioner of Insurance that the continuation of the policy would place us in violation of the law, or would be hazardous to the interests of subscribers, creditors, or the general public.

4. If another insurance company notifies the Texas Department of Insurance - Divison of Workers' Compensation that it is insuring you as an employer, such notice shall be a cancelation of this policy effective when the other policy starts.

PART SEVEN - OUR DUTY TO YOU FOR CLAIM NOTIFICATION

A. CLAIMS NOTIFICATION

We are required to notify you of any claim that is filed against your policy. Thereafter we shall notify you of any proposal to settle a claim or, on receipt of a written request from you, of any administrative or judicial proceeding relating to the resolution of a claim, including a benefit review conference conducted by the Texas Department of Insurance-Division of Workers Workers' Compensation. You may, in writing, elect to waive this notification requirement.

We shall, on the written request from you, provide you with a list of claims charged against your policy, payments made and reserves established on each claim, and a statement explaining the effect of claims on your premium rates. We must furnish the requested information to you in writing no later than the

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TEXAS AMENDATORY ENDORSEMENT - CONTINUED

30th day after the date we receive your request. The information is considered to be provided on the date the information is received by the United States Postal Service or is personally delivered.

COMPLAINT NOTICE: SHOULD ANY DISPUTE ARISE ABOUT YOUR PREMIUM OR ABOUT A CLAIM THAT YOU HAVE FILED, CONTACT THE AGENT OR WRITE TO THE COMPANY THAT ISSUED THE POLICY. IF THE PROBLEM IS NOT RESOLVED, YOU MAY ALSO WRITE THE TEXAS DEPARTMENT OF INSURANCE, CONSUMER PROTECTION (111-1A), P.O. BOX 149091, AUSTIN, TEXAS 78714-9091, FAX # (512) 475-1771. THIS NOTICE OF COMPLAINT PROCEDURE IS FOR INFORMATION ONLY AND DOES NOT BECOME A PART OR CONDITION OF THIS POLICY.

WC 42 03 01 G (Ed. 6-14)

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TEXAS HEALTH CARE NETWORK ENDORSEMENT

This endorsement indicates that you have elected under this policy to provide workers compensation health care services to your injured employees through a certified workers compensation health care network that we have either established or contracted with, as provided in Chapter 1305 of the Texas Insurance Code and in Title 28, Chapter 10 of the Texas Administrative Code.

We will provide you with information concerning the use of our certified workers compensation health care network(s) in our service area(s) and your rights and responsibilities as a participant in our network program. This includes information describing the service area(s) applicable to you and your injured employees as required in NCCI's ***Basic Manual for Workers Compensation and Employers Liability Insurance***. In accordance with Chapter 1305 Texas Insurance Code and Title 28, Chapter 10 of the Texas Administrative Code, we will also provide you with information that is required to be given to your employees, including an employee's notice of network requirements and an employee acknowledgement form.

Your premium may have been reduced because you have agreed to participate in our certified workers compensation health care network. The amount of the premium reduction is shown on the Information Page of this policy. The reduction is estimated at the policy inception and adjusted at final audit of the policy. The reduction may be pro-rated if you elect to participate in a certified workers compensation health care network during the policy year or if you terminate your participation in our certified workers compensation health care network before the policy expires. The premium reduction you received may be forfeited if we determine that you have failed to provide the notice of network requirements and employee acknowledgement form to your employees in accordance with Chapter 1305.005(d) and 1305.451 Texas Insurance Code and Title 28, Chapter 10 of the Texas Administrative Code.

Minimum premium policies are not eligible for this premium reduction.

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TEXAS WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT

This endorsement applies only to the insurance provided by the policy because Texas is shown in Item 3.A of the Information Page.

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule, but this waiver applies only with respect to bodily injury arising out of the operations described in the Schedule where you are required by a written contract to obtain this waiver from us.

This endorsement shall not operate directly or indirectly to benefit anyone not named in the Schedule.

The premium for this endorsement is shown in the Schedule.

Schedule

1. Blanket Waiver

   Any person or organization for whom the Named Insured has agreed by written contract to furnish this waiver.

2. Operations: ALL

3. Premium

   The premium charge for this endorsement shall be N/A percent of the premium developed on payroll in connection with work performed for the above person(s) or organization(s) arising out of the operations described.

4. Advance Premium:

WC 42 03 04 B (Ed. 6-14)

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UTAH CANCELLATION ENDORSEMENT

This endorsement applies only to the insurance provided by the policy because Utah is shown in Item 3.A. of the Information Page.

Cancellation Section (D) of Part Six-Conditions is replaced by the following:

A. CANCELLATION

1. You may cancel this policy. You must mail or deliver advance notice to us stating when the cancellation is to take effect.

2. If this policy has been previously renewed or has been in effect for at least 60 days, the provision of this paragraph 2 apply. We may cancel this policy for one of the following reasons:

   a. You fail to pay all premiums when due;

   b. A material misrepresentation;

   c. A substantial change in the risk assumed, unless we should reasonably have foreseen the change or contemplated the risk when entering into the contract.

   d. Substantial breaches of contractual duties, conditions or warranties.

   We will mail or deliver to you not less than 30 days advance written notice stating when the cancellation is to take effect, except in the event you fail to pay your premiums when due, in which case we will mail or deliver to you not less than 10 days advance written notice stating when the cancellation is to take effect. Should we cancel for non-payment of premiums, we must state this as the reason for the cancellation on our notice of cancellation. Should we cancel for any of the other reasons above, we must either state the facts on which our decision is based or notify you of your right to make a written request for that information. Mailing a cancellation notice via first class mail to you at your mailing address last known to us will be sufficient to prove notice.

3. If this policy has not previously been renewed and has been in effect less than 60 days, we may cancel the policy for any reason and without a statement of reasons. We will deliver to you not less than 10 days advance written notice stating when the cancellation is to take effect.

4. The policy period will end on the day and hour stated in the cancellation notice.

B. RENEWAL/NONRENEWAL

1. You have the right to have the insurance renewed unless:

   a. The policy has been cancelled;

   b. The policy is expressly designated as nonrenewable;

WC 43 06 02 (Ed. 07 02)

UTAH CANCELLATION ENDORSEMENT - CONTINUED

c. You fail to pay the renewal premium by the due date. We will mail the renewal notice to you not more than 45 days nor less than 14 days prior to the renewal effective date. The renewal notice will include the estimated renewal premium, how it may be paid, and state that failure to pay the renewal premium by the due date extinguishes your right to the renewal; or

d. We give you 30 days notice of nonrenewal prior to the expiration or the anniversary date. We must deliver or send the notice by first class mail to your last known mailing address.

2. If we offer to renew the policy but on less favorable terms or at higher rates, the new terms or rates will take effect on the renewal date if we delivered or sent by first class mail to you notice of the new terms or rates at least 30 days prior of the expiration date of the prior policy. The prior notice requirement does not apply if the only change is a rate increase generally applicable to your class of business, a rate increase resulting from a classification change, or a policy form change made to make the form consistent with Utah law.

SENTRY CASUALTY COMPANY
Carrier Code No. 37877

WORKERS' COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

POLICY NUMBER: 90-16567-04 00 151

UTAH WORKPLACE SAFETY PROGRAM ENDORSEMENT

This endorsement applies only to the insurance provided by the policy because Utah is shown in Item 3.A. of the Information Page.

This endorsement is to inform you that you may be required to establish a workplace safety program and of the premium increase which will occur for failure or refusal to establish such a program.

You may be required to establish such a program if:

1. You have an experience modification factor of 1.00 or higher as determined by NCCI; or

2. You have a three-year loss ratio of 100% or higher.

If you are required to implement a workplace safety program, the program must include a written accident and injury reduction plan and must be reviewed annually.

Your premiums may be increased by 5% over any existing rates and premium modifications for failure or refusal to establish a workplace safety program. If an increase has been made to your premium for failure or refusal to establish a workplace safety program, the amount of the increase is listed in the Schedule below.

Schedule

WC 43 06 01 (Ed.01-93)

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SENTRY CASUALTY COMPANY
Carrier Code No. 37877

WORKERS' COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

POLICY NUMBER: 90-16567-04 00 151

VIRGINIA AMENDATORY ENDORSEMENT

This endorsement applies only to the Virginia insurance provided by the policy because Virginia is shown in Item 3.A. of the Information Page.

For Virginia insurance, Part Six D. (Conditions - Cancelation) is replaced by:

1. You may cancel this policy. You must mail or deliver advance written notice to us. You must provide written notice of your cancelation, including the date of and reasons for the cancelation, to the Workers' Compensation Commission.

2. We may cancel this policy. We will provide you with 30 days notice of cancelation. We will provide the Workers' Compensation Commission with immediate notice of such cancelation. This provision does not apply if you have obtained other insurance and that insurer has notified the Workers' Compensation Commission that it is now providing your insurance.

3. In the event of cancelation by you or us, you must provide 30 days written notice of the cancelation to your covered employees.

4. We may nonrenew your policy. We will provide 30 days notice to you and to the Workers' Compensation Commission of our decision to nonrenew. The provision does not apply if you have obtained other insurance and that insurer has notified the Workers' Compensation Commission that it is now providing your insurance.

5. If you fail to pay the premium due on this policy, we may cancel the policy by providing 10 days notice to you and to the Workers' Compensation Commission.

WC 45 06 02 (Ed.07-93)

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ADDITIONAL CONDITIONS - PARTICIPATION

Participation

You will share in any dividends in accordance with conditions established by the Board of Directors.

The first page of Declarations names the company issuing this policy. The officer signatures which correspond to That Company are a part of this policy. None of the other signatures apply to this policy.

SENTRY CASUALTY COMPANY
Stevens Point, Wisconsin

Secretary

President

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

In return for the payment of the premium and subject to all terms of this policy, we agree with you as follows:

GENERAL SECTION

A. **The Policy**

This policy includes at its effective date the Information Page and all endorsements and schedules listed there. It is a contract of insurance between you (the employer named in Item 1 of the Information Page) and us (the insurer named on the Information Page). The only agreements relating to this insurance are stated in this policy. The terms of this policy may not be changed or waived except by endorsement issued by us to be part of this policy.

B. **Who is Insured**

You are insured if you are an employer named in Item 1 of the Information Page. If that employer is a partnership, and if you are one of its partners, you are insured, but only in your capacity as an employer of the partnership's employees.

C. **Workers Compensation Law**

Workers Compensation Law means the workers or workmen's compensation law and occupational disease law of each state or territory named in Item 3.A. of the Information Page. It includes any amendments to that law which are in effect during the policy period. It does not include any federal workers or workmen's compensation law, any federal occupational disease law or the provisions of any law that provide nonoccupational disability benefits.

D. **State**

State means any state of the United States of America, and the District of Columbia.

E. **Locations**

This policy covers all of your workplaces listed in Items 1 or 4 of the Information Page; and it covers all other workplaces in Item 3.A. states unless you have other insurance or are self-insured for such workplaces.

PART ONE
WORKERS COMPENSATION INSURANCE

A. **How This Insurance Applies**

This workers compensation insurance applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

1. Bodily injury by accident must occur during the policy period.
2. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.

B. **We Will Pay**

We will pay promptly when due the benefits required of you by the workers compensation law.

C. **We Will Defend**

We have the right and duty to defend at our expense any claim, proceeding or suit against you for benefits payable by this insurance. We have the right to investigate and settle these claims, proceedings or suits.

We have no duty to defend a claim, proceeding or suit that is not covered by this insurance.

D. **We Will Also Pay**

We will also pay these costs, in addition to other amounts payable under this insurance, as part of any claim, proceeding or suit we defend:

1. reasonable expenses incurred at our request, but not loss of earnings;
2. premiums for bonds to release attachments and for appeal bonds in bond amounts up to the amount payable under this insurance;
3. litigation costs taxed against you;
4. interest on a judgment as required by law until we offer the amount due under this insurance; and
5. expenses we incur.

E. **Other Insurance**

We will not pay more than our share of benefits and costs covered by this insurance and other

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insurance or self-insurance. Subject to any limits of liability that may apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all remaining insurance will be equal until the loss is paid.

F. **Payments You Must Make**

You are responsible for any payments in excess of the benefits regularly provided by the workers compensation law including those required because:

1. of your serious and willful misconduct;
2. you knowingly employ an employee in violation of law;
3. you fail to comply with a health or safety law or regulation; or
4. you discharge, coerce or otherwise discriminate against any employee in violation of the workers compensation law.

If we make any payments in excess of the benefits regularly provided by the workers compensation law on your behalf, you will reimburse us promptly.

G. **Recovery From Others**

We have your rights, and the rights of persons entitled to the benefits of this insurance, to recover our payments from anyone liable for the injury. You will do everything necessary to protect those rights for us and to help us enforce them.

H. **Statutory Provisions**

These statements apply where they are required by law.

1. As between an injured worker and us, we have notice of the injury when you have notice.
2. Your default or the bankruptcy or insolvency of you or your estate will not relieve us of our duties under this insurance after an injury occurs.
3. We are directly and primarily liable to any person entitled to the benefits payable by this insurance. Those persons may enforce our duties; so may an agency authorized by law. Enforcement may be against us or against you and us.
4. Jurisdiction over you is jurisdiction over us for purposes of the workers compensation law. We are bound by decisions against you under that law, subject to the provisions of this policy that are not in conflict with that law.
5. This insurance conforms to the parts of the workers compensation law that apply to:
   a. benefits payable by this insurance;
   b. special taxes, payments into security or other special funds, and assessments payable by us under that law.
6. Terms of this insurance that conflict with the workers compensation law are changed by this statement to conform to that law.

Nothing in these paragraphs relieves you of your duties under this policy.

PART TWO
EMPLOYERS LIABILITY INSURANCE

A. **How This Insurance Applies**

This employers liability insurance applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

1. The bodily injury must arise out of and in the course of the injured employee's employment by you.
2. The employment must be necessary or incidental to your work in a state or territory listed in Item 3.A. of the Information Page.
3. Bodily injury by accident must occur during the policy period.
4. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period
5. If you are sued, the original suit and any related legal actions for damages for bodily injury by accident or by disease must be brought in the United States of America, its territories or possessions, or Canada.

B. **We Will Pay**

We will pay all sums that you legally must pay as damages because of bodily injury to your employees, provided the bodily injury is covered by this Employers Liability Insurance.

The damages we will pay, where recovery is permitted by law, include damages:

1. For which you are liable to a third party by reason of a claim or suit against you by that third party to recover the damages claimed against such third party as a result of injury to your employee;

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2. For care and loss of services; and
3. For consequential bodily injury to a spouse, child, parent, brother or sister of the injured employee; provided these damages are the direct consequence of bodily injury that arises out of and in the course of the injured employee's employment by you;and
4. Because of bodily injury to your employee that arises out of and in the course of employment, claimed against you in a capacity other than as employer.

C. **Exclusions**

This insurance does not cover:

1. Liability assumed under a contract. This exclusion does not apply to a warranty that your work will be done in a workmanlike manner;
2. Punitive or exemplary damages because of bodily injury to an employee employed in violation of law;
3. Bodily injury to an employee while employed in violation of law with your actual knowledge or the actual knowledge of any of your executive officers;
4. Any obligation imposed by a workers compensation, occupational disease, unemployment compensation, or disability benefits law, or any similar law;
5. Bodily injury intentionally caused or aggravated by you;
6. Bodily injury occurring outside the United States of America, its territories or possessions, and Canada. This exclusion does not apply to bodily injury to a citizen or resident of the United States of America or Canada who is temporarily outside these countries;
7. Damages arising out of coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any employee, or any personnel practices, policies, acts or omissions;
8. Bodily injury to any person in work subject to the Longshore and Harbor Workers' Compensation Act (33 U.S.C. Sections 901 et seq.), the Nonappropriated Fund Instrumentalities Act (5 U.S.C. Sections 8171 et seq.), the Outer Continental Shelf Lands Act (43 U.S.C. Sections 1331 et seq.), the Defense Base Act (42 U.S.C. Sections 1651-1654), the Federal Mine Safety and Health Act (30 U.S.C. Sections 801 et seq. and 901-944), any other federal workers or workmen's compensation law or other federal occupational disease law, or any amendments to these laws;
9. Bodily injury to any person in work subject to the Federal Employers' Liability Act (45 U.S.C. Sections 51 et seq.), any other federal laws obligating an employer to pay damages to an employee due to bodily injury arising out of or in the course of employment, or any amendments to those laws;
10. Bodily injury to a master or member of the crew of any vessel, and does not cover punitive damages related to your duty or obligation to provide transportation, wages, maintenance, and cure under any applicable maritime law;
11. Fines or penalties imposed for violation of federal or state law; and
12. Damages payable under the Migrant and Seasonal Agricultural Worker Protection Act (29 U.S.C. Sections 1801 et seq.) and under any other federal law awarding damages for violation of those laws or regulations issued thereunder, and any amendments to those laws.

D. **We Will Defend**

We have the right and duty to defend, at our expense, any claim, proceeding or suit against you for damages payable by this insurance. We have the right to investigate and settle these claims, proceedings and suits.

We have no duty to defend a claim, proceeding or suit that is not covered by this insurance. We have no duty to defend or continue defending after we have paid our applicable limit of liability under this insurance.

E. **We Will Also Pay**

We will also pay these costs, in addition to other amounts payable under this insurance, as part of any claim, proceeding, or suit we defend:

1. Reasonable expenses incurred at our request, but not loss of earnings;
2. Premiums for bonds to release attachments and for appeal bonds in bond amounts up to the limit of our liability under this insurance;
3. Litigation costs taxed against you;
4. Interest on a judgment as required by law until we offer the amount due under this insurance; and
5. Expenses we incur.

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F. **Other Insurance**

We will not pay more than our share of damages and costs covered by this insurance and other insurance or self-insurance. Subject to any limits of liability that apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all remaining insurance and self-insurance will be equal until the loss is paid.

G. ***Limits of Liability***

Our liability to pay for damages is limited. Our limits of liability are shown in Item 3.B. of the Information Page. They apply as explained below.

1. Bodily Injury by Accident. The limit shown for "bodily injury by accident-each accident" is the most we will pay for all damages covered by this insurance because of bodily injury to one or more employees in any one accident.

   A disease is not bodily injury by accident unless it results directly from bodily injury by accident.

2. Bodily Injury by Disease. The limit shown for "bodily injury by disease-policy limit" is the most we will pay for all damages covered by this insurance and arising out of bodily injury by disease, regardless of the number of employees who sustain bodily injury by disease. The limit shown for "bodily injury by disease-each employee" is the most we will pay for all damages because of bodily injury by disease to any one employee.

   Bodily injury by disease does not include disease that results directly from a bodily injury by accident.

3. We will not pay any claims for damages after we have paid the applicable limit of our liability under this insurance.

H. **Recovery From Others**

We have your rights to recover our payment from anyone liable for an injury covered by this insurance. You will do everything necessary to protect those rights for us and to help us enforce them.

I. **Actions Against Us**

There will be no right of action against us under this insurance unless:

1. You have complied with all the terms of this policy; and
2. The amount you owe has been determined with our consent or by actual trial and final judgment.

This insurance does not give anyone the right to add us as a defendant in an action against you to determine your liability. The bankruptcy or insolvency of you or your estate will not relieve us of our obligations under this Part.

PART THREE
OTHER STATES INSURANCE

A. **How This Insurance Applies**

1. This other states insurance applies only if one or more states are shown in Item 3.C. of the Information Page.
2. If you begin work in any one of those states after the effective date of this policy and are not insured or are not self-insured for such work, all provisions of the policy will apply as though that state were listed in Item 3.A. of the Information Page.
3. We will reimburse you for the benefits required by the workers compensation law of that state if we are not permitted to pay the benefits directly to persons entitled to them.
4. If you have work on the effective date of this policy in any state not listed in Item 3.A. of the Information Page, coverage will not be afforded for that state unless we are notified within thirty days.

B. **Notice**

Tell us at once if you begin work in any state listed in Item 3.C. of the Information Page.

PART FOUR
YOUR DUTIES IF INJURY OCCURS

Tell us at once if injury occurs that may be covered by this policy. Your other duties are listed here.

1. Provide for immediate medical and other services required by the workers compensation law.
2. Give us or our agent the names and addresses of the injured persons and of witnesses, and other information we may need.
3. Promptly give us all notices, demands and legal papers related to the injury, claim, proceeding or suit.

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4. Cooperate with us and assist us, as we may request, in the investigation, settlement or defense of any claim, proceeding or suit.
5. Do nothing after an injury occurs that would interfere with our right to recover from others.
6. Do not voluntarily make payments, assume obligations or incur expenses, except at your own cost.

PART FIVE
PREMIUM

A. Our Manuals

All premium for this policy will be determined by our manuals of rules, rates, rating plans and classifications. We may change our manuals and apply the changes to this policy if authorized by law or a governmental agency regulating this insurance.

B. Classifications

Item 4 of the Information Page shows the rate and premium basis for certain business or work classifications. These classifications were assigned based on an estimate of the exposures you would have during the policy period. If your actual exposures are not properly described by those classifications, we will assign proper classifications, rates and premium basis by endorsement to this policy.

C. Remuneration

Premium for each work classification is determined by multiplying a rate times a premium basis. Remuneration is the most common premium basis. This premium basis includes payroll and all other remuneration paid or payable during the policy period for the services of:

1. all your officers and employees engaged in work covered by this policy; and
2. all other persons engaged in work that could make us liable under Part One (Workers Compensation Insurance) of this policy. If you do not have payroll records for these persons, the contract price for their services and materials may be used as the premium basis. This paragraph 2 will not apply if you give us proof that the employers of these persons lawfully secured their workers compensation obligations.

D. Premium Payments

You will pay all premium when due. You will pay the premium even if part or all of a workers compensation law is not valid.

E. Final Premium

The premium shown on the Information Page, schedules, and endorsements is an estimate. The final premium will be determined after this policy ends by using the actual, not the estimated, premium basis and the proper classifications and rates that lawfully apply to the business and work covered by this policy. If the final premium is more than the premium you paid to us, you must pay us the balance. If it is less, we will refund the balance to you. The final premium will not be less than the highest minimum premium for the classifications covered by this policy.

If this policy is canceled, final premium will be determined in the following way unless our manuals provide otherwise:

1. If we cancel, final premium will be calculated pro rata based on the time this policy was in force. Final premium will not be less than the pro rata share of the minimum premium.
2. If you cancel, final premium will be more than pro rata; it will be based on the time this policy was in force, and increased by our short-rate cancelation table and procedure. Final premium will not be less than the minimum premium.

F. Records

You will keep records of information needed to compute premium. You will provide us with copies of those records when we ask for them.

G. Audit

You will let us examine and audit all your records that relate to this policy. These records include ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records, and programs for storing and retrieving data. We may conduct the audits during regular business hours during the policy period and within three years after the policy period ends. Information developed by audit will be used to determine final premium. Insurance rate service organizations have the same rights we have under this provision.

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PART SIX
CONDITIONS

A. **Inspection**

We have the right, but are not obliged to inspect your workplaces at any time. Our inspections are not safety inspections. They relate only to the insurability of the workplaces and the premiums to be charged. We may give you reports on the conditions we find. We may also recommend changes. While they may help reduce losses, we do not undertake to perform the duty of any person to provide for the health or safety of your employees or the public. We do not warrant that your workplaces are safe or healthful or that they comply with laws, regulations, codes or standards. Insurance rate service organizations have the same rights we have under this provision.

B. **Long Term Policy**

If the policy period is longer than one year and sixteen days, all provisions of this policy will apply as though a new policy were issued on each annual anniversary that this policy is in force.

C. **Transfer of Your Rights and Duties**

Your rights or duties under this policy may not be transferred without our written consent.

If you die and we receive notice within thirty days after your death, we will cover your legal representative as insured.

D. **Cancelation**

1. You may cancel this policy. You must mail or deliver advance written notice to us stating when the cancelation is to take effect.
2. We may cancel this policy. We must mail or deliver to you not less than ten days advance written notice stating when the cancelation is to take effect. Mailing that notice to you at your mailing address shown in Item 1 of the Information Page will be sufficient to prove notice.
3. The policy period will end on the day and hour stated in the cancelation notice.
4. Any of these provisions that conflict with a law that controls the cancelation of the insurance in this policy is changed by this statement to comply with the law.

E. **Sole Representative**

The insured first named in Item 1 of the Information Page will act on behalf of all insureds to change this policy, receive return premium, and give or receive notice of cancelation.

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IMPORTANT NOTICE

What You Should Know About Our Protection of Your Privacy



Protecting the personal information of the individuals we serve is a priority for Sentry Insurance. We collect, retain and use personal information about individuals for the purpose of serving their insurance needs and providing services to them.

This notice describes how we handle personal information of the individuals we serve. It is only for your information. No action on your part is needed.

If you have questions regarding this notice, please write to Corporate Compliance/Privacy, 1800 North Point Drive, Stevens Point, WI 54481.

What kinds of information are collected and disclosed?

The types of information we may collect about you include:

- Information you provide on applications or other forms, or in your verbal responses to our questions. This may include identifying information such as name, address and information about your assets and income.
- Information about your transactions with us including policies purchased and premium payment history.
- Information we receive from a consumer reporting agency that indicates your credit worthiness and credit history.

We do not sell customer lists or any personal information regarding our customers.

We only disclose nonpublic personal information about customers or former customers to other affiliated or nonaffiliated third parties as permitted or required by law. We may share personal financial information about you between affiliated companies within the Sentry Insurance Group in order to make additional services available to you (e.g. auto insurance customers may receive information about life insurance products, and vice versa).

For those clients of Point Insurance Agency, LLC and/or the Parker Stevens agencies, these agencies may disclose your nonpublic personal information to nonaffiliated insurance companies as reasonably necessary to provide you with insurance products and services.

How do we safeguard your privacy?

- We maintain physical, electronic and procedural safeguards to protect your personal financial information.
- We restrict access to nonpublic personal financial data to those employees who need to know that information in order to provide products or services to you.
- We communicate to employees in writing the importance of protecting confidential information.
- We may amend our privacy policies at any time. If we do, we will inform you in writing.

This notice applies to each of the following companies. Companies may not be licensed in all states.

Sentry Insurance a Mutual Company
Dairyland County Mutual Insurance Company of Texas
Dairyland Insurance Company
Middlesex Insurance Company
Parker Assurance Ltd.
Parker Centennial Assurance Company
Parker Services, L.L.C.
Parker Stevens Agency, L.L.C.
Parker Stevens Insurance Agency of Massachusetts, Inc.
Patriot General Insurance Company
Peak Property and Casualty Insurance Corporation
Point Insurance Agency, LLC
Sentry Casualty Company
Sentry Equity Services, Inc.
Sentry Life Insurance Company
Sentry Life Insurance Company of New York
Sentry Lloyds of Texas
Sentry Select Insurance Company
Viking Insurance Company of Wisconsin

APPLICATION FOR CERTIFICATION OF
DRUG-FREE WORKPLACE PREMIUM CREDIT PROGRAM

DIRECTIONS: After reading the Department's Administrative Rules and the Drug-Free Workplace Program Guide, please complete the following checklist and return only this checklist and a $25.00 check for the certification fee to the address below. Keep the documentation of your compliance in your files for review upon request by your insurer or the Department of Industrial Relations, Workers' Compensation Division.

Alabama Department of Industrial Relations
Finance Division
Attn: Central Cashier
649 Monroe Street
Montgomery, Alabama 36131

Drug-Free Workplace Coordinator:_____

Company:_____

Address:_____

_____

Phone number: (___)_____ Number of Employees:_____

This is our company's first year of application for certification as a drug-free workplace.

****

TO BE COMPLETED BY THE DEPARTMENT OF INDUSTRIAL RELATIONS, WORKERS' COMPENSATION DIVISION.

Date of First Certification:_____

Approved By:_____

****

1-a. **Policy Statement Required for Certification:**
(Code of Alabama, 1975, §25-5-334)

_____ Statement of required types of substance abuse testing.
(Code of Alabama, 1975, §25-5-334 (a)(1)a.)

1. Job Applicant Testing Required for Certification:

2. Reasonable Suspicion Testing Required for Certification:

3. Routine Fitness-for-Duty Testing Required for Certification:

4. Post-Rehabilitation Testing Required for Certification:

5. Post-Accident Testing Required for Certification:

_____ A statement of actions employer may take against employee or job applicant on the basis of a positive confirmed test result.
(Code of Alabama, 1975, §25-5-334 (a)(1)b.)

_____ A statement of consequences of an employee's or job applicant's refusal to submit to a drug test. (Code of Alabama, 1975, §25-5-334 (a)(4))

_____ A statement advising employee or job applicant of the existence of the article outlining a certified drug-free workplace program. (Code of Alabama, 1975, §25-5-334 (a)(2))

_____ A general confidentiality statement. (Code of Alabama, 1975, §25-5-334 (a)(3))

_____ EITHER a statement advising employee of Employee Assistance Program (EAP), if employer offers one.

OR

_____ A statement advising employee of employer's resource file of assistance programs and other persons, entities, or organizations designed to assist employees with personal or behavior problems. (Code of Alabama, 1975, §25-5-334 (a)(5))

_____ A statement advising employee or job applicant who receives a positive confirmed test result that he or she may contest or explain the result to the employer within five (5) working days after written notification of the test result.
(Code of Alabama, 1975, §25-5-334 (a)(6))

_____ A statement informing an employee or job applicant of the federal Drug-Free Workplace Act, *if* it applies to you. If not, write NA. (Code of Alabama, 1975, §25-5-334 (a)(7))

_____ EITHER sixty (60) days notice *was given* prior to implementation of testing. OR sixty (60) days notice was *not required* because implementation of program occurred prior to July 1, 1996. (Code of Alabama, 1975, §25-5-334 (b))

_____ Effective date of your Drug-Free Workplace/Substance Abuse Policy.

_____ Notice of substance abuse testing is included on vacancy announcements for positions in which testing is required. (Code of Alabama, 1975, §25-5-334 (c))

_____ Notice of substance abuse testing is posted in an appropriate and conspicuous location on employer's premises. (Code of Alabama, 1975, §25-5-334 (c))

_____ Copies of policy are available to employees and job applicants in employer's personnel office or other suitable location. (Code of Alabama, 1975, §25-5-334 (c))

2. Substance Abuse Testing Required for Certification:
(Code of Alabama, 1975, §25-5-335)

_____ Job Applicant Testing Required for Certification:
(Code of Alabama, 1975, §25-5-335 (a) (1))

_____ Reasonable Suspicion Testing Required for Certification:
(Code of Alabama, 1975, §25-5-335 (a) (2))

_____ Routine Fitness-for-Duty Testing Required for Certification:
(Code of Alabama, 1975, §25-5-335 (a) (3))

_____ Post Rehabilitation Testing Required for Certification:
(Code of Alabama, 1975, §25-5-335 (a) (4))

_____ Post-Accident Testing Required for Certification:
(Code of Alabama, 1975, §25-5-335 (a) (5))

2-b. Procedures for Substance Abuse Testing Required for Certification.
(Code of Alabama, 1975, §25-5-335 (c))

•• *Specimen Collection* Responsibilities Required for Certification:
(Code of Alabama, 1975, §25-5-335 (c) (1) through (5))

_____ Collection of job applicant and employee specimens is performed in accordance with

the standards and procedures outlined in the guidelines for certification.

•• *Employer* Responsibilities Required for Certification:
(Code of Alabama, 1975, §25-5-335 (c)(6) through (12))

_____ The employer is complying with the procedures that are outlined in the guidelines for certification.

•• *Laboratory* Responsibilities Required for Certification:
(Code of Alabama, 1975, §25-5-335 (d)(1) through (3))

_____ The laboratory that the employer is using is complying with the procedures that are outlined in the guidelines for certification.

Name and address of laboratory: _____

_____

Phone Number: (___)_____

Certification of laboratory NIDA_____CAP_____

3. Employee Assistance Required for Certification:

(Code of Alabama, 1975, §25-5-336)

_____ EITHER you have an employee assistance program (EAP)

OR you maintain and post other means of employee assistance

4. Employee Education Required for Certification:

(Code of Alabama, 1975, §25-5-337 (a))

_____ *Hour One* of the Employee Education program has been conducted for employees.
(Date of Program _____)

_____ *Hour Two* of the Employee Education program has been conducted for employees.
(Date of Program _____)

5. Supervisor Training Required for Certification:

(Code of Alabama, 1975, §25-5-337 (b))

_____ Participation of supervisors with the employees in the above education program.

AND

_____ Once a year, two hours of supervisor training on how to recognize signs of substance abuse, how to document and collaborate signs of employee substance abuse, and how to refer substance abusing employees to the proper treatment providers.

NOTE: Second half of supervisor training program may be completed within six months after certification.

6. Confidentiality Required for Certification:

(Code of Alabama, 1975, §25-5-339)

_____ All information received through substance abuse testing is confidential, but may be used or received in evidence, or obtained in discovery, or disclosed in any civil or administrative proceeding when the information is relevant to the employer's defense, e.g., a workers' compensation hearing.

NOTE: Employers should ensure that they have read and understand the Disclaimers of a drug-free workplace program and the information on Maintenance and Revocation of certification.

7. Notarization of Certified Drug-Free Workplace Program

_____ _____

Employer Name Officer/Owner Signature*

_____ _____

Date Title of Officer/Owner

* Application must be signed by an officer or owner.

Sworn to and subscribed before me this _____ day of _____ 20____.

_____

Notary Public

My Commission Expires_____

MINNESOTA
APPLICATION FOR DRUG-FREE WORKPLACE PREMIUM CREDIT PROGRAM

Name of Employer KAPSTONE PAPER AND PACKAGING

Date program Implemented _____

Policy Number _____

This form must be completed by you and returned to your carrier with a copy of applicable documentation as proof of compliance before the premium credit of five percent (5%) can be established and processed. A program must be certified during each year the employer receives credit. Failure to do so will remove you from eligibility for this credit.

The following are the minimum requirements necessary for a qualified employer workplace program. Please check the items that apply.

( ) **1) Substance Abuse Policy Statement:**

An employer's drug and alcohol testing policy must, at a minimum, set forth the following information:

(1) the employees or job applicants subject to testing under the policy;

(2) the circumstances under which drug or alcohol testing may be requested or required;

(3) the right of an employee or job applicant to refuse to undergo drug and alcohol testing and the consequences of refusal;

(4) any disciplinary or other adverse personnel action that may be taken based on a confirmatory test verifying a positive test result on an initial screening test;

(5) the right of an employee or job applicant to explain a positive test result on a confirmatory test or request and pay for a confirmatory retest; and

(6) any other appeal procedures available.

( ) **2) Employee Notification:**

An employer shall provide written notice of its drug and alcohol testing policy to all affected employees upon adoption of the policy, to a previously nonaffected employee upon transfer to an affected position under the policy, and to a job applicant upon hire and before any testing of the applicant if the job offer is made contingent on the applicant passing drug and alcohol testing. An employer shall also post notice in an appropriate and conspicuous location on the employer's premises that the employer has adopted a drug and alcohol testing policy and that copies of the policy are available for inspection during regular business hours by its employees or job applicants in the employer's personnel office or other suitable locations.

( ) **3) Drug Testing:** An established drug testing program. The following information must be provided:

Name of Certified Drug Testing Laboratory: _____

Contact and phone number for the above: **Contact** _____ **Phone** _____

Type(s) of testing conducted (Check all that apply):

( ) Applicant (pre-employment)

( ) Routine physical examination testing

( ) Random testing

( ) Reasonable suspicion testing

( ) Treatment program testing

Employers insured under this coverage should be aware of the Drug and Alcohol Testing in the Workplace provisions contained in Minnesota Statutes 181.950 - 181.957 https://www.revisor.leg.state.mn.us/statutes/?id=181. An insured employer who violates this law may have exposure for damages, attorney fees, and injunctive relief that will not be covered by this policy.

I certify that the above information is accurate and reflects a factual depiction of my current program.

Employer Name KAPSTONE PAPER AND PACKAGING

Date _____

Officer/Owner Signature _____

***** MUST SIGN AND RETURN TO INSURANCE COMPANY *****

COLORADO PREMIUM CREDIT FOR CERTIFIED RISK MANAGEMENT AND DESIGNATED MEDICAL PROVIDER PROGRAMS - SELECTION FORM

The Colorado Workers Compensation Cost Containment Board has determined that a premium differential shall be provided on all policies when you have selected a DESIGNATED MEDICAL PROVIDER.

If you qualify for experience and/or schedule rating and you have implemented a CERTIFIED WORKERS COMPENSATION RISK MANAGEMENT RISK MANAGEMENT PROGRAM OR SERVICE, we must allow a 5% premium credit IF your loss experience has improved since your last renewal date. The Schedule below will indicate if you qualify for this credit.

If you do not qualify for experience and/or schedule rating on your workers compensation insurance and you have implemented a CERTIFIED WORKERS COMPENSATION RISK MANAGEMENT PROGRAM OR SERVICE, we must offer premium credits as follows:

PREMIUM CREDIT	CREDIT CRITERIA
10%	If you have been loss free for at least the year immediately preceding the effective date of the premium credit.
8%	If you have had one medical loss exceeding $250 in the last year immediately preceding the effective date of the premium credit.
6%	If you have had two medical losses, each exceeding $250, within the last year immediately preceding the effective date of the premium credit.
4%	If you have had three medical losses, each exceeding $250, within the last year immediately preceding the effective date of the premium credit.
2%	If you have had three medical losses, each exceeding $250, and one claim for loss of time in the last year immedidately preceding the effective date of the premium credit.
0%	If you have had more than three medical losses and one claim for loss of time in the last year immediately preceding the effective date of the premium credit.

If you have selected a DESIGNATED MEDICAL PROVIDER, we must allow a credit of 2.5%. If you are eligible for schedule rating, the 2.5% credit must be included in the total schedule credit or debit, subject to the 25% maximum limitation.

If you are NOT ELIGIBLE for experience or schedule rating, the 2.5% credit will be applied, in addition to the premium credit applicable. The combined premium credit and the 2.5% credit for selection of a designated medical provider shall not exceed 12.5%.

WC-80-05-0009 (Ed. 01/05)

COLORADO PREMIUM CREDIT FOR CERTIFIED RISK MANAGEMENT AND DESIGNATED MEDICAL PROVIDER PROGRAMS - SELECTION FORM - CONTINUED

( ) YES, we have an established CERTIFIED WORKERS' COMPENSATION RISK MANAGEMENT PROGRAM certified with a Cost Containment Certificate by the Colorado Cost Containment Board, AND OUR LOSS EXPERIENCE HAS IMPROVED SINCE OUR LAST RENEWAL DATE.

. Please provide a copy of the Cost Containment Certificate issued by the Colorado Cost Containment Board.

( ) NO, we do not have a CERTIFIED WORKERS' COMPENSATION RISK MANAGEMENT PROGRAM in place, but are aware of the possible premium reduction.

( ) YES, we have a DESIGNATED MEDICAL PROVIDER in place.

Physician name _____ or Clinic/Hospital name _____

( ) NO, we do not have a DESIGNATED MEDICAL PROVIDER in place, but are aware of the possible premium reduction.

Signature _____ Date _____

Policy Effective Date: 07-01-15

Policy Number: 90-16567-04

Insured Name: KAPSTONE PAPER AND PACKAGING CORPORATION

WC-80-05-0009 (Ed. 01/05)

POLICYHOLDER NOTICE
California Workers' Compensation

California requires employers to provide to new employees a written notice which covers the contents of Labor Code sections 3550, 3551, and the Division of Workers' Compensation Regulations 9880.

The written notice requirements pursuant to Labor Code section 3551 must be provided to every new employee, either at the time the employee is hired or by the end of the first pay period.

Failure to comply with the posted and written notice requirements "shall constitute a misdemeanor, and shall be prima facie evidence of non-insurance." In addition, "failure of an employer to provide the notice... shall automatically permit the employee to be treated by his or her personal physician with respect to an injury occurring during that failure."

English and Spanish version of Posters and Pamphlets are available.

THE FOLLOWING ARE EXCERPTS FROM THE LABOR CODE SECTIONS AND REGULATION 9880:

3550. (a) Every employer subject to the compensation provisions of this division shall post and keep posted in a conspicuous location frequented by employees, and where the notice may be easily read by employees during the hours of the workday, a notice that states the name of the current compensation insurance carrier of the employer, or when such is the fact, that the employer is self-insured, and who is responsible for claims adjustment.

(b) Failure to keep any notice required by this section conspicuously posted shall constitute a misdemeanor, and shall be prima facie evidence of noninsurance.

(c) This section shall not apply with respect to the employment of employees as defined in subdivision (d) of Section 3351.

(d) The form and content of the notice required by this section shall be prescribed by the administrative director, after consultation with the Commission on Health and Safety and Workers' Compensation, and shall advise employees that all injuries should be reported to their employer. The notice shall be easily understandable. It shall be posted in both English and Spanish where there are Spanish-speaking employees. The notice shall include the following information:

(1) How to get emergency medical treatment, if needed.

(2) The kinds of events, injuries, and illnesses covered by Workers' Compensation.

(3) The injured employee's right to receive medical care.

(4) The rights of the employee to select and change the treating physician pursuant to the provisions of Section 4600.

(5) The rights of the employee to receive temporary disability indemnity, vocational rehabilitation services, and death benefits, as appopriate.

WC-80-04-0017 (Ed. 12 04)

(6) To whom injuiries should be reported.

(7) The existence of time limits for the employer to be notified of an occupational injury.

(8) The protections against discrimination provided pursuant to Section 132a.

(9) The location and telephone number of the nearest information and assistance officer.

(e) Failure of an employer to provide the notice required by this section shall automatically permit the employee to be treated by his or her personal physician with respect to an injury occurring during that failure.

(f) The form and content of the notice required to be posted by this section shall be made available to self-insured employers and insurers by the administrative director. Insurers shall provide this notice to each of their policyholders, with advice concerning the requirements of this section and the penalties for a failure to post this notice.

The "Facts About Workers' Compensation" pamphlets referred to in the Labor Code section below will be released to you when available.

3551. (a) Every employer subject to the compensation provisions of this code, except employers of employees defined in subdivision (d) of Section 3351, shall give every new employee, either at the time the employee is hired or by the end of the first pay period, written notice of the information contained in Section 3350. The content of the notice required by this section shall be prescribed by the administrative director after consultation with the Commission on Health and Safety and Workers' Compensation.

(b) The notice required by this section shall be easily understandable and available in both English and Spanish. In addition to the information contained in Section 3350, the content of the notice required by this section shall include:

(1) Generally, how to obtain appropriate medical care for a job injury.

(2) The role and junction of the primary treating physician.

(3) A form that the employee may use as an optional method for notifying the employer of the name of the employee's "personal physician," as defined in Section 4600, or "personal chiropractor," as defined by Section 4601.

(c) The content of the notice required by this section shall be made available to employers and insurers by the administrative director. Insurers shall provide this notice to each of their policyholders, with advice concerning the requirements of this section and the penalties for a failure to provide this notice to all employees.

WC-80-04-0017 (Ed. 12 04)

DEFINITION OF "PERSONAL PHYSICIAN"

For the purpose of this article, "personal physician" means the employee's regular physician and surgeon, licensed pursuant to Chapter 5 (commencing with Section 2000) of Division 2 of the Business and Professions Code, who has previously directed the medical treatment of the employee, and who retains the employee's medical records, including his or her medical history.

DEFINITION OF "PERSONAL CHIROPRACTOR"

For the purpose of this article, "personal chiropractor" means the employee's regular chiropractor licensed pursuant to Chapter 2 (commencing with Section 1000) of Division 2 of the Business and Professions Code, who has previously directed treatment of the employee, and who retains the employee's chiropractic treatment records, including his or her chiropractic history.

DIVISION OF WORKERS' COMPENSATION (DWC) REGULATION 9880:

(a) Every employer shall provide to every new employee, either at the time of hire or no later than the end of the first pay period, information concerning the rights, benefits, and obligations under Workers' Compensation law.

(b) The notice provided shall be in writing, in non-technical terms and shall include the following information:

(1) An explanation of the extent and scope of coverage provided by the Workers' Compensation law.

(2) An explanation of an injured employee's rights to medical care and to select and change the treating physician.

(3) An explanation of an injured employee's rights to indemnity payments for disability or death and the availablity of vocational rehabilitation services.

(4) The procedures for reporting accidents and injuries to the employer.

(5) Where further information may be obtained, including an explanation of services available from an Information and Assistance Officer.

WC-80-04-0017 (Ed. 12 04)

SENTRY CASUALTY COMPANY
Carrier Code No. 37877

90-16567-04 00 151

IMPORTANT NOTICE TO POLICYHOLDERS WITH FLORIDA OPERATIONS

This notice is not part of your policy. It merely describes some of the background and features of recent revisions.

House Bill 3809 (Chapter 90-201 Laws of Florida) requires the use of prescribed Workers Compensation forms.

The WC-80-09-0031 is designed to be used by you to advise us of any changes on a monthly basis. These forms will be included with the policy upon issue and renewal to allow you the opportunity to report monthly changes that will affect premium. You are required to update our records monthly using the WC-80-09-0031 to reflect any changes. If there are no changes in a given month no form is required.

NOTE: The filing of the form WC-80-09-0031 containing false or misleading or incomplete information with the purpose of avoiding or reducing the amount of premium for Workers Compensation Coverage is a felony of the third degree and punishable as provided in s.775.082, s.775.083 or s.775.084. The application shall contain a sworn statement by you attesting to the accuracy of the information submitted and acknowledging the provisions of s.440.37(4).

Another requirement of HB3809 is that you are required to submit a copy of the Employers Quarterly Tax (earning) report UCT-6, UCT-6W and UCT-6A as required by Chapter 443 at the end of each calendar quarter March 31, June 30, September 30 and December 31, to us and submit self audits supported by the quarterly earnings reports required by Chapter 443 and the rules of the Division of Unemployment Compensation. These reports are to be sent to 1800 North Point Drive, Stevens Point, WI 54481.

Again such reports shall include a sworn statement by an officer or principal of the employer attesting to the accuracy of the information contained in the report. If these reports are not provided in a reasonable amount of time, we may cancel your policy as required under HB3809.

You are also required to make available all records necessary for the payroll verification audit and permit our auditors to make a physical inspection of your operation. If you fail upon request of the auditors to provide access to the documents specified in this section and we can not complete the audit, you may be required to pay $500 to us to defray the cost of the audits.

In accordance with Florida Statutes 440.381 (6), if you understate or conceal payroll, misrepresent or conceal employee duties so as to avoid proper classification for premium calculations, or misrepresent or conceal information pertinent to the computation and application of an experience rating modification factor, you shall pay a penalty of ten (10) times the amount of the difference in premium paid and the amount you should have paid, and reasonable attorney's fees.

WC-80-09-0030 (Ed.06-07)

FLORIDA WORKERS COMPENSATION MONTHLY CHANGE SHEET

Producer:MARSH USA INC
Date:07-09-15
Attention: Underwriting Underwriter:

Applicant Name: KAPSTONE PAPER AND PACKAGING Effective Date:07-01-15
Policy Number: KAP 90-16567-04 00 151 Expiration Date:07-01-16

Sentry Casualty Company
1800 North Point Drive
Stevens Point, WI 54481

THE FLORIDA RULES REQUIRE THAT AN EMPLOYER UPDATE AN APPLICATION MONTHLY TO REFLECT ANY CHANGE.

Applicant Name (Enter new name)

Mailing Address (Enter new address including zip code)

LOCATIONS (If applicant is an employee leasing company, the client's company name should be included with the address)

CHANGE	LEASING CO	LOC#	STREET, CITY, STATE, ZIP CODE
__Add __Delete __Change	__Yes __No		
__Add __Delete __Change	__Yes __No		
__Add __Delete __Change	__Yes __No		

RATING INFORMATION

CHANGE	STREET,CITY,STATE	LOC#	CLASS CODE	COMPANY USE	CATEGORIES CLASSIF.	# OF EMPLY	EST.REMUNER FOR PRESENT POLICY PER.
__Add __Delete __Change							
__Add __Delete __Change							
__Add __Delete __Change							

WC-80-09-0031 (Ed. 06 07)



FLORIDA WORKERS COMPENSATION MONTHLY CHANGE SHEET - CONTINUED

INDIVIDUALS INCLUDED/EXCLUDED
Partners, Officers, Relatives to be included or excluded (Remuneration to be included must be part of rating information section)

CHANGE	NAME	D.O.B	TITLE/ RELATION	OWNER-SHIP%	DUTIES	INC/EXC	CLASS CODE	REMUNER.
__Add __Delete __Change								
__Add __Delete __Change								
__Add __Delete __Change								

EMPLOYEES NAMES | Check if additional employee names are attached

CHANGE	NAME	CHANGE	NAME
__Yes __Delete __Change		__Yes __Delete __Change	
__Yes __Delete __Change		__Yes __Delete __Change	
__Yes __Delete __Change		__Yes __Delete __Change	

NATURE OF BUSINESS/DESCRIPTION OF OPERATIONS(Please provide comments on changes in operations and the reason for the changes)

Give comments and descriptions of business, operations and products: Manufacturing-Raw Materials, Processes, Product, Equipment, Contractor-Type of Work, Sub-Contracts, Mercantile-Merchandise, Customers, Deliveries, Service-Type, Location, Farm-Acreage, Animals, Machinery, Sub-Contracts.

WC-80-09-0031 (Ed. 06 07)

FLORIDA WORKERS COMPENSATION MONTHLY CHANGE SHEET - CONTINUED

REMARKS

I understand that as the employer,

I must update the application monthly to reflect any change in the required application information;

If I file an application or application update containing false, misleading, or incomplete, information with the purpose of avoiding or reducing the amount of premiums for Worker's Compensation coverage it is a felony of the third degree;

I shall submit to the carrier, a copy of the quarterly earnings report and self-audits supported by the quarterly earnings reports, as required by chapter 443, at the end of each quarter. If I omit the name of an employee from this quarterly earnings report, Florida statues state that I will remain liable and will reimburse the carrier for any worker's compensation benefits paid to this omitted employee;

I agree to make available, all records necessary for the payroll verification audit and permit the auditor to make a physical inspection of our operations. I understand failure to do this shall result in a $500 payment to the carrier to defray the cost of the audits;

If I intentionally understate or conceal payroll, or misrepresent or conceal employee duties so as to avoid proper classification for premium calculations, or misrepresent or conceal information pertinent to the computation and application of an experience rating modification factor, I shall pay the carrier, in addition to any additional premium due resulting from an audit, a penalty of 10 times the amouunt of the difference in premium paid and the amount I should have paid, and reasonable attorney's fees.

I hereby swear that the information contained in this application is accurate and acknowledge that I have read the above statements.

Applicant Signature

Producer's Signature

WC-80-09-0031 (Ed. 06 07)



SENTRY
INSURANCE

Employer Instruction

Texas Certified Health Care Network

Introduction

Participating in a certified workers' compensation Health Care Network (HCN) provides you with greater control on proposed medical treatment **before** it occurs, improving the ability to manage care and monitor the amount of treatment provided and the associated costs.

For you to benefit from this program you need to notify your TX employees and document the notification. At the time of a work related injury, documentation showing the injured employee has been properly notified is required. Employees who have not been properly notified cannot have their workers' compensation claims handled within the rules governing the HCN.

For you to benefit from this program, follow these simple steps:

- ✓ Provide the **Employee Information Packet** to all Texas employees including:
  - Current employees at the time coverage takes effect
  - New hires (within three days of hire)
  - Any employee reporting a work related-injury
- ✓ Direct employees to review the material and then sign and return the **Workers' Compensation Network Acknowledgement** form.
- ✓ Provide employees with a list of network providers (refer to the Accessing the TX HCN Provider Directory section for more information).
- ✓ Post the **Notification**, in English and Spanish, as well as any other language common to 10 percent or more of your employees, in a public area at each Texas worksite location.
- ✓ Document employee notification and retain all signed acknowledgement forms (use the **Employee Notification/Acknowledgement Log** template). If an employee refuses to sign the acknowledgement form, document their refusal. Employees who refuse to sign the acknowledgement form are still subject to the program requirements; if you have documented the delivery of the information as specified above.

All program documents are available electronically on Sentry @ Your Service, https://atyourservice.sentry.com. Under the Claim Resources section, click on Medical Provider Network Listings, then scroll down to the Texas Health Care Network section.

If you have any questions regarding the First Health TX HCN program, call 800-739-3344, option 5.

Implementing Detail

Below is additional information for proper program implementation.

1. Notify your Texas employees when required

The state of Texas requires that employers participating in the HCN provide their employees with the First Health Initial Written Employee Notification. Distribute the Employee Information packet to your Texas employees. This packet includes instruction on what they need to do, step-by-step instruction on how to access the TX HCN Provider Directory, the First Health Initial Written Employee Notification information packet and the WC Network Acknowledgement form. Distribute this material to your employees:

- Upon program implementation
- Within three days of a new employee hire
- Upon notification of each reported work injury

Upon notification of a work-related injury, provide the employee a copy of the First Health Initial Written Employee Notification information packet and the Workers' Compensation Network Acknowledgement form. Provide a copy of the signed acknowledgement form to your Sentry claims representative. Notify your claims representative if the employee has pre-designated their HMO doctor as their primary treating physician.

2. Provide employees with a list of network providers

Refer to the **Accessing the TX HCN Provider Directory** section for step-by-step instruction on how to access the nearest participating providers to a residence or place of employment. Step-by-step instruction is also provided in the Employee Information packet.

3. Post the notification

Post the First Health Initial Written Employee Notification in a public area at each worksite location. The posting must be in English and Spanish and any other language that is common to 10 percent or more of your employees. Please call 800-739-3344, option 5, to request the document in another language.

4. Document employee notification

In the event of a work-related injury, documentation showing the injured employee has been properly notified is required. If documentation cannot be provided, claims cannot be handled within the rules governing the HCN.

Using and maintaining the Employee Notification/Acknowledgement Log template will satisfy Texas' requirement for employers to establish a standardized process for delivery of the First Health Initial Written Employee Notification and the Workers' Compensation Network Acknowledgement form pursuant to 28 TAC 10.60(h). The following must be documented:

- Method of delivery
- Recipient's name
- Location of the delivery
- Date of the delivery

Failure to establish and maintain a standardized process creates a rebuttable presumption that the employee has not received the notice and is not subject to the program requirements.

Employees who refuse to sign the acknowledgement form are still subject to the program requirements if you have documented the delivery of the information as specified above.

Examples of documented delivery include a kick-off meeting (attendance sign-in), email (electronic signature), company intranet, notice by mail requesting delivery confirmation or including the notice and acknowledgement form with an employee paycheck.

Retain appropriate documentation of the delivery of the First Health Initial Written Employee Notification and the Workers' Compensation Network Acknowledgement form and maintain all signed acknowledgements.

All program documents, including a template for documentation, are available electronically on Sentry @ Your Service, https://atyourservice.sentry.com. Under the Claim Resources section, click on Medical Provider Network Listings then scroll down to the Texas Health Care Network section.

Accessing the TX HCN Provider Directory

Employers are required to provide employees with a list of network providers. Directions on how to find the most up-to-date listing of doctors in the network is provided in the First Health Initial Written Employee Notification. Follow these steps to access the nearest participating providers to a residence or place of employment:

1. Go to the First Health website at www.coventrywcs.com
2. Click on **CLIENT LOGIN & TOOLS** on the top toolbar. Select the **First Health Portal Login** option in the Client Login box and enter **SIN** in the Client ID field
3. Click on the **Channeling Tools** link
4. Click on the **Region Search** link or tab
5. Select **Texas** as the state (screen will then refresh)
6. Under Networks, select **First Health TX HCN** from the drop-down box
7. Limit your search by county, city or ZIP code. If preferred, narrow your search by provider type (more than one provider type can be selected).
8. Click the **Find Provider** box

From the list of providers, you may select the map icon located in the information column to link to a local map for a particular provider. This screen will also tell you whether the physician is accepting new patients and what hospitals the physician is affiliated with. To return to the provider list, click the **Back to Results** box or initiate a new search by clicking the **New Search** box.

A directory of all search results can be created by clicking the **Create Directory** box. Email or print the document by clicking the icons located at the bottom of the page. You can email or print a particular screen of your search results by clicking the icon at the bottom of the page.

While First Health makes every effort to keep the provider list current, occasionally there may be a phone number or address that has been recently changed. Report any change to an individual provider's information by clicking the **Update Information** link found on the right-hand side of the provider search results screen. This will generate an email to First Health, which will allow you to include updated information.

If you have any questions regarding access to the First Health TX HCN provider directory, call 800-739-3344, option 5.

Frequently Asked Questions

Who is considered a treating doctor in the First Health TX HCN?
The First Health TX HCN has designated family practitioners, general practitioners, internal medicine specialists, occupational medicine specialists and clinics, and urgent care clinics as treating doctors.

Who pays for HCN treatment if the carrier disputes the compensability of a work injury?
The carrier is required to provide written notification to the HCN provider that compensability is being contested. The carrier is liable for up to $7,000 for medically necessary services incurred for treatment in the HCN prior to written notification.

I am an employer who operates in several different locations in Texas. Some of my locations appear to be in a certified HCN county and some do not. Am I still required to give notice to all of my employees?
Yes. You are required to give notice to all of your Texas employees. A determination of whether an employee can be directed to the HCN is based on where the employee lives. If there is any question whether your employee should be treated in the HCN, your Sentry claims representative will verify at the time when a work injury is reported.

Since I have elected to participate in the HCN, will all previously reported, open WC claims for my business be transferred into the HCN?
The Department of Insurance interprets the insurance code very conservatively and most previously reported open claims are not permitted to be transferred into the HCN. Each pending claim will be evaluated to determine whether it is eligible for a transfer of care into the HCN on a case-by-case basis. Eligible claims will then be evaluated to determine whether it is feasible and beneficial to transfer those claims into the HCN. If the claim is being transferred into the HCN, a letter will be sent to the injured employee to notify them that their claim is being transferred and will direct them to select a treating physician. Please contact your Sentry claims representative if you have any questions or it you wish to discuss a specific pending claim.

If my employee refuses to sign the acknowledgement form, are they still required to treat with a physician in the HCN?
Yes, as long as you maintain proof that the employee was given the Initial Written Employee Notification and the employee lives within the HCN service area.

Do I have to report my claims any differently now that I am participating in an HCN?
No. There is no change in reporting requirements.

Where can I find more information about Texas Health Care Networks?
The Texas Department of Insurance (TDI) has reference material posted on their website at http://www.tdi.state.tx.us/wc/wcnet/index.html.

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First Health TX HCN - Employee Notification/Acknowledgement Log

Employer name:	Insurance Carrier:
Address:	WC Policy Number:

Employee		Notice	Record of Delivery			Record of Acknowledgement		HMO (if applicable)
Name (Last, First)	ID Number	Type Initial New hire Post injury	Method Mail Electronic In person	Destination home worksite	Date Delivered	Date Returned date returned not returned	Choice signed refused	Employee Designated Primary Treating Physician

40-1171

6-11

KAPSTONE-001424



SENTRY®
INSURANCE

Employee Information

Texas Certified Health Care Network

Important Notice

Texas Law requires your employer to provide and pay for medical care if you are injured at work. Your employer has chosen to utilize a certified workers' compensation health care network through First Health, the Texas Health Care Network (TX HCN).

What you need to do prior to experiencing a work-related injury:

1. **Review the First Health Initial Written Employee Notification enclosed.** It explains what you need to know about the First Health TX HCN program and describes your rights in choosing medical care if you are injured at work.

2. **Complete, sign and return** the Workers' Compensation Network Acknowledgement form to your employer, preferably within 10 days of receipt. This form is located after the First Health Initial Written Employee Notification information packet.

If you have any questions regarding the First Health TX HCN program, call **800-739-3344, option 5.**

Accessing the TX HCN Provider Directory

Directions on how to find the most up-to-date listing of doctors in the network is provided in the First Health Initial Written Employee Notification. Follow these steps to access the nearest participating providers to your residence or place of employment:

1. Go to the First Health website at www.coventrywcs.com
2. Click on **CLIENT LOGIN & TOOLS** on the top toolbar. Select the **First Health Portal Login** option in the Client Login box and enter **SIN** in the Client ID field
3. Click on the **Channeling Tools** link
4. Click on the **Region Search** link or tab
5. Select **Texas** as the state (screen will then refresh)
6. Under Networks, select **First Health TX HCN** from the drop-down box
7. Limit your search by county, city or ZIP code. If preferred, narrow your search by provider type (more than one provider type can be selected).
8. Click the **Find Provider** box

From the list of providers, you may select the map icon located in the information column to link to a local map for a particular provider. This screen will also tell you whether the physician is accepting new patients and what hospitals the physician is affiliated with. To return to the provider list, click the **Back to Results** box or initiate a new search by clicking the **New Search** box.

A directory of all search results can be created by clicking the **Create Directory** box. Email or print the document by clicking the icons located at the bottom of the page. You can email or print a particular screen of your search results by clicking the icon at the bottom of the page.

While First Health makes every effort to keep the provider list current, occasionally there may be a phone number or address that has been recently changed. Report any change to an individual provider's information by clicking the **Update Information** link found on the right-hand side of the provider search results screen. This will generate an email to First Health, which will allow you to include updated information.

If you have any questions regarding access to the First Health TX HCN provider directory, call 800-739-3344, option 5.

First Health®

Initial Written Employee Notification Re: Health Care Network
(Title 28, Insurance, Chapter 10, Subchapter D)

Important Information about Medical Care if you have a Work-Related Injury or Illness

Your employer has chosen to provide this medical care by using a certified Workers' Compensation program called a Health Care Network (HCN).

Workers' Compensation carrier: The insurer that underwrites your employer's Workers' Compensation coverage is one of the companies listed below.

Sentry Insurance a Mutual Company
Middlesex Insurance Company
Sentry Select Insurance Company
Sentry Casualty Company

Contact Name:	**Sentry Insurance -TX Claims Examiner**
Contact Number:	**(800) 739-3344 option 5**
Certified HCN:	First Health Texas HCN 3200 Highland Avenue Downers Grove, IL 60515

This notice tells you what you need to know about the First Health TX HCN program. It describes your rights in choosing medical care if you get injured at work. At the time of an injury, you will be sent this information again to help you understand the program.

- **What is an HCN?**

  A Health Care Network (HCN) is a program that has been certified by the state; the HCN program helps manage medically necessary care through hospitals and doctors when you become injured on the job.

  Each HCN must include enough doctors in your area that specialize in work-related injuries; the HCN doctors must meet quality standards and provide care according to standard treatment guidelines. Providers agree to bill the HCN for the care provided for your injury. Providers will not ask you to pay for any covered services.

- **Where does the First Health HCN Operate?**

  The First Health TX HCN is certified to operate in the following counties:

  GSA 1 - Lubbock (15 Counties): Terry; Bailey; Castro; Cochran; Crosby; Floyd; Garza; Hale; Hockley; Lamb; Lubbock; Lynn; Parmer; Swisher; Yoakum.

  GSA 2 - Dallas (52 Counties): Anderson; Bowie; Camp; Cass; Cherokee; Clay; Collin; Cooke; Dallas; Delta; Denton; Ellis; Erath; Fannin; Franklin; Freestone; Grayson; Gregg; Harrison; Henderson; Hill; Hood; Hopkins; Hunt; Jack; Johnson; Kaufman; Lamar; Limestone; Marion; Montague; Morris; Nacogdoches; Navarro; Palo Pinto; Panola; Parker; Rains; Red River; Rockwall; Rusk; Sabine; San Augustine; Shelby; Smith; Somervell; Tarrant; Titus; Upshur; Van Zandt; Wise; Wood.

O1T18Z38



GSA 3 - Midland/Odessa (34 Counties): Eastland; Stephens; Andrews; Borden; Brown, Calahan; Coke; Coleman; Comanche; Concho; Crane; Dawson; Ector; Fisher; Gaines; Glasscock; Howard; Irion; Jones; Loving; Martin; Midland; Mitchell; Nolan; Reagan; Runnels; Scurry; Shakelford; Sterling; Taylor; Tom Green; Upton; Ward; Winkler.

GSA 4 - San Antonio (15 Counties): Aransas; Atascosa; Bee; Bexar; Calhoun; Comal, Dewitt; Goliad; Gonzales; Guadalupe; Karnes; Live Oak; Refugio; Victoria; Wilson.

GSA 5 - Houston (33 Counties): Angelina; Austin; Brazoria; Brazos; Burleson; Chambers; Colorado; Fort Bend; Galveston; Grimes; Hardin; Harris; Houston; Jackson; Jasper; Jefferson; Lee; Leon; Liberty; Madison; Matagorda; Montgomery; Newton; Orange; Polk; Robertson; San Jacinto; Trinity; Tyler; Walker; Waller; Washington; Wharton.

GSA 6 - Waco (11 Counties): Bell; Burnet; Coryell; Lampasas; McLennan; Williamson; Bosque; Falls; Hamilton; Milam; Mills.

GSA 7 - Austin (7 Counties): Bastrop; Blanco; Caldwell; Fayette; Hays; Lavaca; Travis.

GSA 8 - The Valley (14 Counties): Brooks; Cameron; Duval; Hidalgo; Jim Hogg; Jim Wells; Kenedy; Kleberg; San Patricio; Webb; Willacy; Nueces; Starr; Zapata.

GSA 9 - Southwest (12 Counties): Bandera; Dimmit; Edwards; Frio; Kinney; LaSalle; Maverick; Medina; Uvalde; McMullen; Real; Zavala.

GSA 10 - Hill Country (9 Counties): Gillespie; Kendall; Kerr; Llano; San Saba; Kimbell: Mason; Menard; McCulloch.

GSA 11 - Central West (4 Counties): Crockett; Schleicher; Sutton; Val Verde.

GSA 12 - El Paso (9 Counties): Brewster; Culberson; El Paso; Hudspeth; Jeff Davis; Pecos; Presidio; Reeves; Terrell.

GSA 13 - Amarillo (4 Counties): Potter; Randall; Deaf Smith; Oldham.

GSA 14 - North Pan Handle (10 Counties): Dallam; Hansford; Hartley; Hemphill; Hutchinson; Lipscomb; Moore; Ochiltree; Roberts; Sherman.

GSA 15 - South Pan Handle (19 Counties): Armstrong; Briscoe; Carson; Collingsworth; Childress; Cottle; Dickens; Donley; Foard; Gray; Hall; Hardeman; Haskell; Kent; King; Knox; Motley; Stonewall; Wheeler.

GSA 16 - Wichita Falls (6 Counties): Archer; Baylor; Throckmorton; Wichita; Wilbarger; Young.

Each county is within a larger area referred to as a Geographic Service Area. A map showing all of the Geographic Service Areas, and highlighting the area(s) where the First Health TX HCN is certified, is attached to this notice.

O1T18Z39



- **How do I find out more information about the network or which doctors are in my HCN?**

  To learn more about the First Health TX HCN, or to get a listing of the doctors in the HCN, you may contact your employer representative or call your claims examiner at (800) 739-3344 option 5, write to Sentry Insurance at PO Box 8032, Stevens Point, WI 54481, Attn: TX Claims Examiner or visit the First Health web site at www.coventrywcs.com. Attached is a map that clearly identifies each county included in the service area.

  This 800 number is available 24 hours a day. During normal business hours, a claims representative will be available to answer your questions and to direct you to the names of the doctors in the program. After normal business hours, you may leave a message and you will be contacted during the next business day.

  If you need emergency medical care, or need care after business hours, go to the nearest hospital or urgent care center. If you need a list of doctors, call your employer representative, claims examiner or go to the website at: www.coventrywcs.com.

- **What happens if I get injured at work?**

  In case of an emergency occurring at any time, you should go to the closest emergency room or urgent care center or call 911. You are not required to see a Network provider for emergency care. As soon as possible, tell your employer that you have had an injury at work.

  If you do not have an emergency, but are injured and need care after normal business hours, you should go to the closest emergency room or urgent care center. You are not required to see a Network provider for after-hours care. As soon as possible, tell your employer that you have had an injury at work. You can get a listing of hospitals and urgent care centers by calling your employer representative or claims examiner at 800-739-3344 option 5. You can also get a list by writing to Sentry Insurance, PO Box 8032, Stevens Point WI 54481 Attn: TX Claims Examiner or on the website at www.coventrywcs.com.

  If you are injured during normal business hours, you will need to choose a treating doctor within the Health Care Network (see below).

O1T18Z3A



- **How do I select a treating doctor?**

  If you live in the network service area, you must choose a treating doctor from the HCN provider list. This is required for you to receive coverage for the costs of your care. A listing of providers is available by writing to Sentry Insurance at PO Box 8032, Stevens Point, WI 54481 Attn: TX Claims Examiner or on our web site at www.coventrywcs.com. Also included is a map that clearly identifies each county in the service area. The provider list is updated every month and identifies treating doctors and specialists, separately. You will also be able to identify the providers who are authorized to assess maximum medical improvement, who accept new patients; and who have any limitations of accessibility and referrals to specialists.

  Your treating doctor will: 1) provide care for your Workers' Compensation injury; 2) refer you to a specialist within the network - if you need specialty care; 3) participate in case management activities with the HCN; 4) have special training to provide maximum medical improvement and impairment ratings; and 5) have agreed to provide Workers' Compensation services under the HCN.

  Treating doctors include: non-hospital based emergency medicine, family practitioners, general practitioners, internal medicine specialists, occupational medicine specialists and clinics and urgent care clinics.

  You may use your HMO primary care doctor as your treating doctor for your work related injury. To use your HMO doctor, he or she must agree to give care according to the terms of the network's contract. If you later request a change of your doctor, you must select a provider in the HCN.

- **How can I locate a treating doctor, or find the most up to date listing of doctors in m network?**

  You may get a list of HCN doctors with a map clearly identifying the services within your county that are included in the service area by calling your employer representative or your HCN contact person at the 800 number listed above. You may also write to Sentry Insurance, PO Box 8032, Stevens Point, WI 54481, Attn: TX Claims Examiner or go to the website at: www.coventrywcs.com. This listing is updated monthly and will contain doctors and their specialties. Providers can be selected by specialty or name or location.

- **What happens if I already have a Workers' Compensation Injury - How do I choose a treating doctor?**

  If you already have an injury, this information is your notice that your employer or carrier will be using an HCN. If you live in the service area and your doctor does not participate in the HCN, you may need to select a new treating doctor from the HCN. The Workers' Compensation carrier will contact you in writing if they intend to transfer your existing claim into the HCN. Within 14 days of receiving that notice, you will need to select a new treating doctor. If you do not make a choice within 14 days, the HCN will select a treating doctor for you. All future care must be with the new treating doctor.

- **What If I want to change my treating doctor?**

  If you become dissatisfied with your first choice of a treating doctor, you can select an alternate treating doctor from the list of network treating doctors in the service area where you live. Your carrier will not deny a choice of an alternate treating doctor. Before you can change treating doctors a second time, you must get permission from your HCN.

Your HCN will only approve your request for another doctor if:

- The care from your current treating doctor is medically inappropriate.
- You are not receiving appropriate medical care to reach maximum medical improvement.
- Your medical care does not comply with the network's treatment guidelines.
- You do not agree with the treatment being proposed by your current treating doctor; and, your relationship with your doctor is jeopardized or impaired.

If the HCN denies your request, you may file an appeal through the complaint process described in this document.

- **What if a HCN doctor leaves the HCN?**

The HCN has a "Continuity of Care" plan to make sure you receive the necessary medical care if your provider terminates from the network. There are two primary reasons for provider terminations:

- At the doctor's request, or
- Because the Network discovered a quality of care issue with the provider.

If your treating doctor terminates from the network, the HCN will contact you in writing. You will have the opportunity to select another treating doctor from the network. If your doctor leaves the network and you have a life-threatening or acute condition for which a disruption of care would be harmful to you, your doctor may request that you continue to receive treatment with him or her for an additional 90 days.

- **What if I need other health care services from someone other than my treating doctor or I need to see a specialist?**

Except for emergencies, the HCN and your treating provider will arrange for all services in accordance with the accessibility and availability requirements, including referrals to specialist, to be available to you within the time period appropriate to the circumstances and your condition, but in no case later than 21 calendar days from the date of your original request.

- **What if there are no doctors in my area?**

You may receive approval to receive care from a non-network doctor, if:

- You need different medical services or a specialist who is not available within the network's service area.
- You are an injured employee who decides to temporarily reside outside of the HCN service area.

If you have one of these situations, call your TX claims examiner to receive approval for non-network care.

Except for emergency situations, you should not obtain services outside of the HCN without approval. HCN Doctors must make referrals into the Network, or request approval for non-network doctors if services are not available. Non-network referrals require prior approval. The HCN will provide a decision on access to a non-network doctor within 7 days of the request. If your request is denied, you may file a complaint with the Texas Department of Insurance. You may file a complaint with the network if the network denies the referral because the requested service is available from network providers. You may also file a request for independent review if the network denies the

referral because the specialist referral is not medically necessary. You must include your name, address, telephone number, a copy of the adverse determination and any information you gave to the HCN to support your request. You may obtain a complaint form from the Department's web site at www.tdi.texas.gov. You may also request a complaint form by writing to the Texas Department of Insurance, Mail Code 103-6A, P.O. Box 149104, Austin, Texas 78714-9104.

If you decide to receive health care services outside of the HCN without approval; you may be responsible for all payments related to those services.

- **How is it decided whether or not I live outside of the HCN service area?**

You will receive notice of the HCN service area where you live. Your HCN must provide access to treating doctors or hospitals within 30 miles of non-rural areas, or within 60 miles in rural areas. In addition, you must have access to specialists and specialty hospitals within 75 miles. If you believe that there are not enough or no providers in your area within the miles noted above, contact the network or your TX claims examiner; you may receive approval to use a non-network provider.

The network will approve access to non-network care for the following situations.

- Emergency care.
- For living temporarily outside the geographic service area.
- When referrals to specialists are not available within the network.
- Before the employee received HCN Notice of Network Requirements and the employee information.

The HCN will not approve access to non-network care involving the following situations.

- A referral request that is not medically necessary.
- A referral where the provider specialty is available within the network.

If an employee asserts that he or she does not currently live in the network's service area, the employee may request a review by contacting the insurance carrier and providing evidence to support the employee's assertion. Your carrier will review the information and supply a written decision within seven days of your request. You may choose to receive all health care services from the network while the carrier is reviewing your request. If you choose to receive care out of the network **you may be responsible for payment**, and the carrier may not be responsible for payment if it is finally determined that you live within the network's service area. If your carrier does not approve your request, you will be given Notice of the Network Requirements. You may file a complaint with the TDI if you disagree with the insurance carriers determination. You must include your name, address, telephone number, a copy of the adverse determination and any information you gave to the HCN to support your request. You may obtain a complaint form from the Department's website at www.tdi.texas.gov. You may also request a complaint form by writing to the Texas Department of Insurance, Mail Code 103-6A, P.O. Box 149104, Austin, Texas 78714-9104.

- **Can I use the network even if I live outside of the Service Area?**

You may receive treatment from network providers, as well as any other services offered by the HCN, even if you do not live in the network's service area. You will need to obtain permission from the network's Workers' Compensation carrier to do so. If you need assistance to request permission to use the network, you may call (800) 739-3344 option 5.

- **Are there any medical services that require prior approval before the services begin or to continue the services?**

  Yes, the following services require pre-authorization.

  - All surgeries CPT Codes 1-6 and G codes (which represent a surgical procedure) with a billed amount greater than $500, including spinal and artificial disc surgery. Pre Auth Request should include specific hardware to be used for the procedure.
  - Spine surgery.
  - Inpatient hospitalization.
  - Intradiscal Electrothermal Annuloplasty (IDET).
  - Physical medicine and rehabilitation after 8 visits.
  - Home health care/aides, physical therapy/aides.
  - Occupational therapy after 8 visits.
  - Chiropractic treatments after 8 visits.
  - Work hardening (non-exempted) and work conditioning program.
  - Acupuncture.
  - Repeat MRI/CT scans and standing MRI procedures other than x-rays (preauthorization required on MRI and CT procedures after initial diagnostic procedures).
  - Electromyography (EMG) and nerve conduction velocity (NCV) testing.
  - Repeat diagnostics and MRIs (MRI/scan of the spine within the first 4 weeks or repeat of all MRI for all body parts).
  - Epidural steroid injections.
  - Facet injections.
  - Trigger point injections.
  - SI Joint injections.
  - Botox injections.
  - Joint steroid injection.
  - Durable Medical Equipment (DME) billed charges greater than $500 per item (either purchase or expected cumulative rental).
  - TENS units.
  - External and implantable bone growth stimulators.
  - Spinal cord stimulators.
  - Psychological testing and psychotherapy, repeat interviews, and biofeedback unless the service is part of a pre auth or division exempted returned rehabilitation program.
  - Psycotherapy, with social worker, psychologist or psychiatrist.
  - Biofeedback.
  - Chronic pain management/interdisciplinary pain rehabilitation.
  - Skilled nursing visits.
  - Nursing home, skilled nursing facility, convalescent or residential care admissions.
  - Investigational or experimental procedures service or device for which there is early, developing scientific or clinical evidence demonstrating the potential efficacy of the treatment, service, or device but that is not yet broadly accepted as the prevailing standard of care.
  - Chemical Dependency programs.
  - Discograms.
  - Power Traction Devices such as Vax-D.
  - Drugs not included in the Division's formulary.
  - Required treatment plans.
  - Treatment and services that exceed or are not addressed by the Network's adopted treatment guidelines protocols and are not in a treatment plan pre auth by the carrier.
  - Treatment of an injury or diagnosis that is not accepted by the carrier following the treating doctor's examination to define the compensable injury.
  - Repeat individual diagnostic study, with a reimbursement established in the current Medical Fee Guideline of greater than $350, or without a reimbursement rate in Medical Fee Guidelines (unless otherwise specified).



The number to call to request approval for one of these services or treatments is (800) 354-3053 or the request can be faxed to (888) 404-1134. If your request is denied, we will tell you in writing. We will also tell you about your right to request a reconsideration or appeal of the denied treatment, and if your request is denied for reasons of medical necessity, about your right to request a review by the Independent Review Organization through the Texas Department of Insurance.

- **How are HCN doctors Paid?**

HCN doctors have agreed to look only to the carrier or HCN for payment for your health care. They will not look to you for payment. If you obtain health care from a doctor who is not in the network without prior approval from the HCN, except for emergency care, the carrier may not be liable and you may have to pay for the cost of that care.

- **How do I file a complaint?**

You have the right to file a complaint with the First Health TX HCN. You may file a complaint if you are unhappy with your experience with the HCN or your network doctor within 90 days of the event occurring. To file a complaint, you must contact First Health by phone, email, mail or fax at:

First Health Group Corp.
Attn: Grievance Coordinator
3200 Highland Ave
Downers Grove, IL 60515.
Phone (800) 262-6122 and Fax 630-737-2077
Email: complaintsandgrievances@cvty.com.

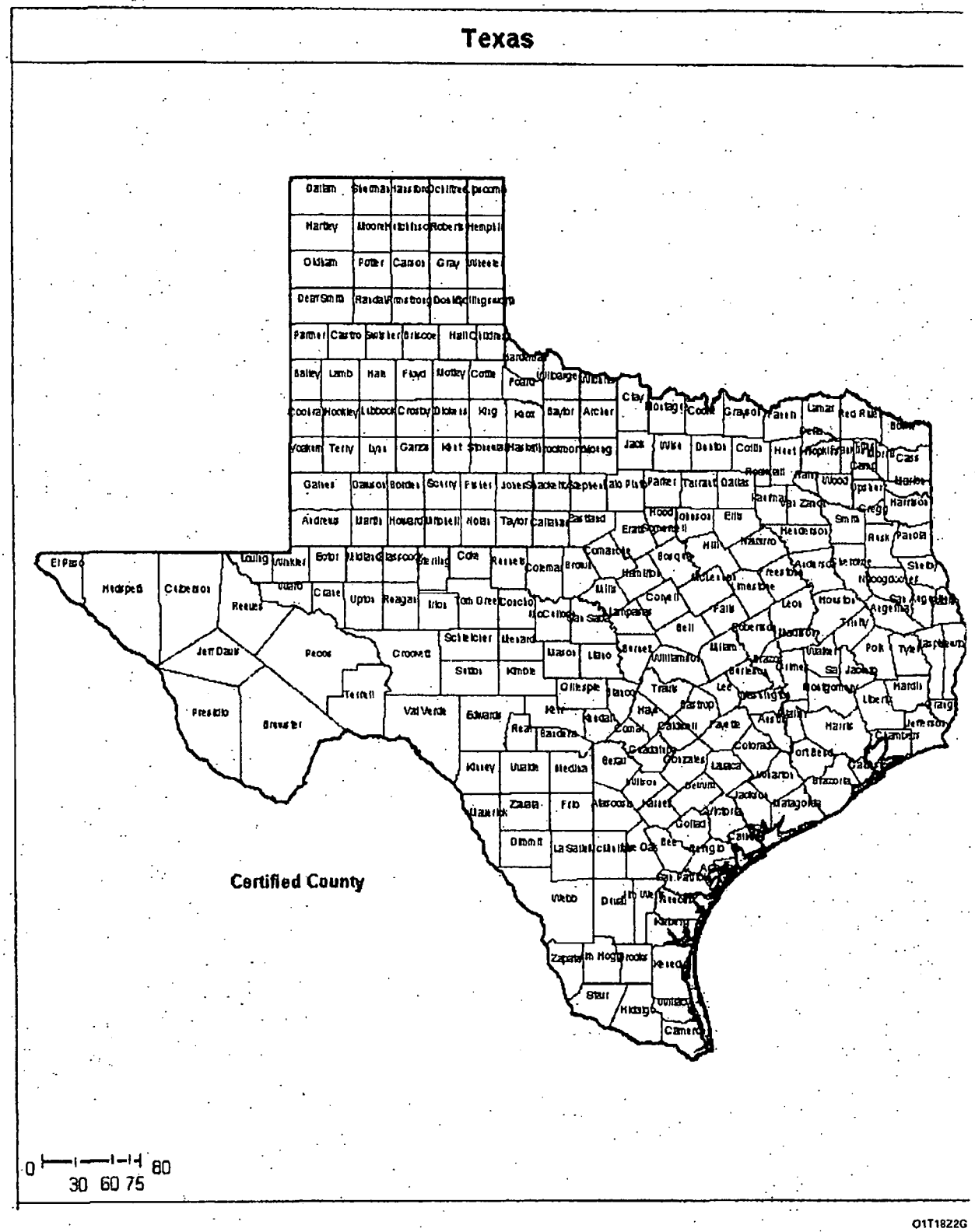
First Health may not retaliate against you if you file a complaint against the network or if you appeal a decision of the network. First Health also may not retaliate against a provider who files a complaint against the network or appeals a network decision on your behalf.

You have the right to file a complaint with the Texas Department of Insurance if you are dissatisfied with the resolution of the complaint. You may obtain the Department's complaint form on the Department's web site at www.tdi.texas.gov. You may also request a complaint form by writing to:

Texas Department of Insurance
Mail Code 103-6A
P.O. Box 149104
Austin, Texas 78714-9104

O1T18Z3F

Service Area



Workers' Compensation Network Acknowledgement



I have received information that tells me how to get health care under Workers' Compensation insurance.

If I am hurt on the job and live in the service area described in this information, I understand that:

1. I must choose a treating doctor from the list of doctors in the network. Or, I may ask my HMO primary care physician to agree to serve as my treating doctor.
2. I must go to my treating doctor for all health care for my injury. If I need a specialist, my treating doctor will refer me. If I need emergency care, I may go anywhere.
3. The insurance carrier will pay the treating doctor and other network providers.
4. I might have to pay the bill if I get health care from someone other than a network doctor without network approval.

_____ _____

(Signature) (Date)

_____

(Printed Name)

I live at _____

(Street Address)

_____

_____

(City) (State) (Zip Code)

Name of Employer _____

Name of Network **First Health TX HCN**

O1T18Z2H

First Health®

Notificación Escrita Inicial para Empleados Re: Health Care Network
(Titulo 28, Seguro, Capitulo 10, Subcapítulo D)

Información Importante sobre Cuidados Médicos para el caso de que usted sufra una Enfermedad o Accidente Laboral

Su empleador ha elegido brindarle este servicio de atención médica a traves de un programa certificado de compensación al trabajador llamado Health Care Network (HCN).

Aseguradora de compensación del trabajador: la aseguradora que eligió su empleador para la cobertura de indemnización del trabajador es una de las compañías que se menciona a continuación.

Sentry Insurance a Mutual Company
Middlesex Insurance Company
Sentry Select Insurance Company
Sentry Casualty Company

Nombre de contacto:	**Sentry Insurance - Examinador de reclamos de TX**
Número de contacto:	**(800) 739-3344 opción 5**
Certificado HCN:	First Health TX HCN 3200 Highland Avenue Downers Grove, IL 60515

Este aviso le proporciona la información necesaria sobre el programa First Health TX HCN. En él podrá encontrar los derechos que usted tiene de elegir los servicios médicos en caso de un accidente de trabajo. Al momento de un lesion, usted recibirá esta información de nuevo para ayudarle a que comprenda el programa.

- **¿Qué es un HCN?**

  Health Care Network (HCN) es un programa que ha sido certificado por el estado; el programa HCN le ayuda a manejar lo relacionado con los servicios médicos necesarios a través de médicos y hospitales en caso de sufrir una lesion en el trabajo.

  Cada HCN debe incluir en su zona un número suficiente de médicos especializados en las lesiones relacionadas con el trabajo; los médicos de HCN deberán cumplir con los estándares de calidad y proporcionar la atención de acuerdo con lineamientos de tratamiento estandarizados. Los proveedores estan de acuerdo en cobrarle al HCN los gastos por los servicios proporcionados a causa de las lesiones. Los proveedores no le pedirán a usted que pague por ninguno de los servicios que se encuentran cubiertos.

- **¿Dónde opera la First Health HCN?**

  First Health TX HCN está certificado para operar en los siguientes condados:

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GSA 1 - Lubbock (15 Condados): Terry; Bailey; Castro; Cochran; Crosby; Floyd; Garza; Hale; Hockley; Lamb; Lubbock; Lynn; Parmer; Swisher; Yoakum.

GSA 2 - Dallas (52 Condados): Anderson; Bowie; Camp; Cass; Cherokee; Clay; Collin; Cooke; Dallas; Delta; Denton; Ellis; Erath; Fannin; Franklin; Freestone; Grayson; Gregg; Harrison; Henderson; Hill; Hood; Hopkins; Hunt; Jack; Johnson; Kaufman; Lamar; Limestone; Marion; Montague; Morris; Nacogdoches; Navarro; Palo Pinto; Panola; Parker; Rains; Red River; Rockwall; Rusk; Sabine; San Augustine; Shelby; Smith; Somervell; Tarrant; Titus; Upshur; Van Zandt; Wise; Wood.

GSA 3 - Midland/Odessa (34 Condados): Eastland; Stephens; Andrews; Borden; Brown; Calahan; Coke; Coleman; Comanche; Concho; Crane; Dawson; Ector; Fisher; Gaines; Glasscock; Howard; Irion; Jones; Loving; Martin; Midland; Mitchell; Nolan; Reagan; Runnels; Scurry; Shakelford; Sterling; Taylor; Tom Green; Upton; Ward; Winkler.

GSA 4 - San Antonio (15 Condados): Aransas; Atascosa; Bee; Bexar; Calhoun; Comal, Dewitt; Goliad; Gonzales; Guadalupe; Karnes; Live Oak; Refugio; Victoria; Wilson.

GSA 5 - Houston (33 Condados): Angelina; Austin; Brazoria; Brazos; Burleson; Chambers; Colorado; Fort Bend; Galveston; Grimes; Hardin; Harris; Houston; Jackson; Jasper; Jefferson; Lee; Leon; Liberty; Madison; Matagorda; Montgomery; Newton; Orange; Polk; Robertson; Sar Jacinto; Trinity; Tyler; Walker; Waller; Washington; Wharton.

GSA 6 - Waco (11 Condados): Bell; Burnet; Coryell; Lampasas; McLennan; Williamson; Bosque; Falls; Hamilton; Milam; Mills.

GSA 7 - Austin (7 Condados): Bastrop; Blanco; Caldwell; Fayette; Hays; Lavaca; Travis.

GSA 8 - The Valley (14 Condados): Brooks; Cameron; Duval; Hidalgo; Jim Hogg; Jim Wells; Kenedy; Kleberg; San Patricio; Webb; Willacy; Nueces; Starr; Zapata.

GSA 9 - Southwest (12 Condados): Bandera; Dimmit; Edwards; Frio; Kinney; LaSalle; Maverick; Medina; Uvalde; McMullen; Real; Zavala.

GSA 10 - Hill Country (9 Condados): Gillespie; Kendall; Kerr; Llano; San Saba; Kimbell; Mason; Menard; McCulloch.

GSA 11 - Central West (4 Condados): Crockett; Schleicher; Sutton; Val Verde.

GSA 12 - El Paso (9 Condados): Brewster; Culberson; El Paso; Hudspeth; Jeff Davis; Pecos; Presidio; Reeves; Terrell.

GSA 13 - Amarillo (4 Condados): Potter; Randall; Deaf Smith; Oldham.

GSA 14 - North Pan Handle (10 Condados): Dallam; Hansford; Hartley; Hemphill; Hutchinson Lipscomb; Moore; Ochiltree; Roberts; Sherman.

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GSA 15 - South Pan Handle (19 Condados): Armstrong; Briscoe; Carson; Collingsworth; Childress; Cottle; Dickens; Donley; Foard; Gray; Hall; Hardeman; Haskell; Kent; King; Knox; Motley; Stonewall; Wheeler.

GSA 16 - Wichita Falls (6 Condados): Archer; Baylor; Throckmorton; Wichita; Wilbarger; Young.

Cada condado está comprendido en una area mayor conocida como Area Geográfica de Servicio. Se incluye un mapa de todas las Areas Geográficas de Servicio, destacando las áreas donde First Health TX HCN se encuentra certificada.

- **¿Cómo encuentro más información acerca de la red o de cuáles son los médicos adscritos en mi HCN?**

Para conocer más acerca de First Health TX HCN, o para obtener un listado de los médicos en el HCN, puede llamar a su representante del sempleador o examinador de reclamos al (800) 739-3344 opción 5, escriba a Sentry Insurance a PO Box 8032, Stevens Point, WI 54481, Atención: examinador de reclamos de TX o visite el sitio web de First Health www.coventrywcs.com. Adjunto encontrará un mapa que identifica con claridad cada uno de los condados que se incluyen en el área de servicio.

Este número 800 se encuentra disponible las 24 horas del día. Durante horas normales de trabajo, un representante del área de reclamaciones estará disponible para responder a sus preguntas y ayudarlo con los nombres de los médicos del programa. Fuera de horas normales de trabajo, usted puede dejar un mensaje y será contactado al siguente día de negocio.

Si necesita servicios médicos de emergencia, o necesita ayuda fuera de horas, acuda al hospital o servicio de urgencias médicas más cercano. Si requiere una lista de médicos, llame a su representante del empleador o visite la página www.coventrywcs.com.

- **¿Qué sucede si sufro un accidente en el trabajo?**

En caso de una emergencia ocurrida a cualquier hora, deberá acudir ala sala de emergencia o centro de cuidados urgentes más cercano o llamar a 911. No es requerido que vea un representante de la red para obtener servicios de emergencia. Tan pronto como le sea posible, informe a su empleador que ha sufrido una lesión en el trabajo.

Si no tiene una emergencia, pero se encuentra lesionado y necesita servicio médico fuera de horarios de trabajo, deberá acudir ala sala de emergencia o centro de cuidados urgentes. No necesita ver a un representante de la red para la atención fuera de horario. Tan pronto como le sea posible, informe a su empleador que ha sufrido una lesión en el trabajo. Puede pedir una lista de hospitales y centros de cuidados urgentes llamando a su representante del empleador o examinador de reclamas al 1-800-739-3344 opción 5. Tambien puede obtener la lista si esccribe a Sentry Insurance, PO Box 8032, Stevens Point, WI 54481 Atención: examinador de reclamos de TX, o visite la página www.coventrywcs.com.

Si se encuentra lesionado durante los horarios de trabajo normales, sera necesario que elija un médico tratante del grupo de Health Care Network (ver abajo).

- **¿Cómo elijo a un médico tratante?**

  Si usted reside en la area de la red de servicio, deberá elegir un médico tratante de la lista de proveedores de HCN. Este es un requisito si desea recibir cobertura por los gastos de su servicio médico. Podrá solicitar un listado de proveedores que se encuentra a su disposición si escribe a First Health at 3200 Highland Avenue, Downers Grove, IL 60515, con Attn: Departamento de Redes de Proveedores (Provider Networks Department) o si entra a la página www.coventrywcs.com. Tambien podrá encontrar un mapa que identifica claramente cada uno de los condados en el área de servicio. La lista de proveedores es actualizada cada mes y muestra a los médicos tratantes asi como a los especialistas de manera separada. También podrá usted encontrar a los proveedores autorizados para valorar el mejoramiento médico, cuáles de ellos aceptan nuevos pacientes; quiénes tienen algunas limitantes de acceso así como las derivaciones a los especialistas.

  Su médico tratante: 1) proporcionará cuidado de su lesión cubierta por la compensación al trabajador; 2) lo referirá a un especialista dentro de la red - si necesita atención especializada; 3) participará en lo relacionado con el manejo de los casos dentro de la HCN; 4) tendrá entrenamiento especial para proporcionar el máximo mejoramiento médico y la clasificación de los daños; y 5) habrá estado de acuerdo en proporcionar servicios de compensación al trabajador bajo HCN.

  Los médicos tratantes incluyen: medicina de emergencia no basada en el hospital, médicos familiares, especialistas en medicina interna, especialistas en medicina ocupacional y clínicas, además de centros de cuidados medicos.

  Puede usar a su médico de atención primaria de HMO para tratar su lesión de trabajo. Para usar a su médico HMO, él o ella deberá estar de acuerdo en proporcionar la atención de acuerdo con los términos del contrato con la red. Si usted solicita un cambio de médico, deberá seleccionar a un proveedor en la HCN.

- **¿Cómo puedo localizar a un médico tratante, o encontrar el listado más actualizado de médicos en mi red?**

  Podrá obtener una lista de médicos de HCN y un mapa identificando claramente los servicios dentro de su condado, los cuales están incluidos en el área de servicio llamando a su representante del empleador persona de contacto de HCN al número 800 enlistado arriba. También podrá obtenerla si la solicita por escrito a segurador Sentry, P.O. Box 8032, Stevens Point, WI 54481, Attn: Examinado de Reclamos de TX o puede o ir a la página: www.coventrywcs.com. Estos listados se actualizan mensualmente y contienen los datos de los médicos asi como de sus especialidades. Los Proveedores se pueden encontrar segun su especialidad, nombre o localización.

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- **¿Qué sucede si ya sufro de una lesión de compensación laboral - Cómo elijo a un médico tratante?**

  Si usted ya tiene una lesión, esta información es su notificación que sue empleador o portador va usar un HCN, si el trabajador lesionado viviera en el área de servicio de certificación de HCN, si la compañía aseguradora determinara que el daño está sujeto a las condiciones de la red y si el empleador / compañía hubiera notificado los requisitos de certificación de HCN por escrito al trabajador lesionado.

  Es necesario para seleccionar un nuevo doctor tratante de la HCN dentro de los 14 días de recibiendo este aviso. Si usted no hace una elección dentro de 14 días, el HCN seleccionará un médico tratante para usted. Toda el cuidado en el futuro debe ser con el nuevo médico tratante.

- **¿Que sucede si deseo cambiar mi médico tratante?**

  Si usted no se sintiera satisfecho con su primera elección de médico tratante, podrá elegir un médico tratante alterno de la lista de médicos tratantes de la red en el área de servicio donde usted vive. Su red no le negará la posibilidad de elegir un médico tratante alterno. Sin embargo, antes de que pueda cambiar de médicos tratantes por segunda vez, deberá obtener un permiso de la HCN.

  Su HCN solo dará aprobación a su solicitud para cambiar de médico si:

  - La atención de su médico tratante actual es médicamente inadecuada.
  - Usted no está recibiendo atención médica adecuada para alcanzar la maxima mejoria médica.
  - Su cuidado médica no cumple con los lineamientos de tratamiento de la red.
  - Usted no está de acuerdo en el tratamiento propuesto por su médico tratante actual, y, su relación con su médico se ha dañado o está en peligro de serlo.

  Si la HCN rechaza su solicitud, podrá apelar mediante el proceso de reclamaciones descrito en este documento.

- **¿Qué sucede si un médico de la HCN abandona la HCN?**

  La HCN tiene un plan de "Continuidad de la Atención" para asegurarse que usted reciba la cuidado médico necesario si su proveedor de servicio se separara de la red. Existen dos razón principales para la separación de un proveedor:

  - A solicitud del médico, o
  - Si la Red ha descubierto una cuestión de calidad del cuidado con el proveedor.

  Si su médico tratante se separara de la red, la HCN se comunicará con usted por escrito. Entonces tendrá usted la oportunidad de elegir otro médico tratante de la red. Si su médico abandona la red y usted tuviera una enfermedad en la que estuviera en peligro su vida o una condición delicada en la que la interrupción del tratamiento fuera perjudicial para usted, su médico podría solicitar que usted continuara recibiendo el tratamiento con él o ella durante 90 días más.

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- **¿Qué sucede si necesito otros servicios de salud de alguien distinto a mi médico tratante o si necesito ver a un especialista?**

  A excepción de las emergencias, la HCN y su proveedor de tratamiento se encargará de hacer los arreglos para que usted reciba todos los servicios de acuerdo con los requisitos de accesibilidad y disponibilidad, incluyendo remisiónes a especialistas, y procurar que estén disponibles dentro del periodo de tiempo adecuado a las circunstancias y a su enfermedad, pero en ningún caso más allá de 21 días de calendario a partir de la fecha de la solicitud original.

- **¿Qué sucede si no hay médicos en mi área?**

  Podría obtener autorización para recibir cuidado de un médico que no sea de la red, siempre y cuando:

  - Usted requiera servicios médicos distintos o un especialista que no se encuentre dentro del área de servicios de la red.
  - Usted sea un empleado lesionado quién decide residir temporalmente fuera del área de servicios de la HCN.

  Si se encuentra en alguna de estas situaciones, por favor llame a su examinado de reclamos de TX para recibir autorización para atención fuera de la red.

  A excepción de las situaciones de emergencia, no deberá recibir servicios fuera de la HCN sin autorización previa. Los médicos de HCN deberán ser quienes refieren a las personas dentro d la red, o solicitar autorización para los servicios médicos fuera de la red si éstos no se encontraran disponibles. Referencias a médicos fuera de la red requiere de autorización previa. La HCN decidirá si procede el acceso a un médico fuera de la red dentro de los siguientes 7 días de la solicitud. Si su solicitud fuera rechazada, podrá presenter una queja al Departamento de Seguros de Texas. Usted puede presentar una queja a la red si la red niega la referencia debido a que el servicio solicitado esta disponible de proveedores de la red. Usted tambien puede presentar una solicitud de revision independiente si la red niega la referencia debido a que la referencia a un especialista no es medicamente necesario. Deberá incluir su nombre, dirección, número telefónico, una copia de la determinación adversa, y cualquier otra información que haya dado al HCN para apoyar su solicitud. Puede obtener un formato de reclamación si entra a la página web del Departamento en www.tdi.state.us. También podrá solicitar una forma de reclamación si escribe al Texas Department of Insurance, Mail Code 103-6A, P.O. Box 149104, Austin, Texas 78714-9104.

  Si decide recibir atención médica fuera de la HCN sin autorización, podría tener que cubrir todos los gastos relacionados con esos servicios.

- **¿Cómo se decide si vivo o no fuera del área de servicio de HCN?**

  Recibirá un aviso del area de servicio de la HCN correspondiente a la zona donde usted vive. Su HCN deberá proporcionarle acceso a médicos u hospitales tratantes dentro de una area de 30 millas de zonas no rurales, o dentro de una area de 60 millas de zonas rurales. Además, tendrá acceso a hospitales de especialidades dentro de una area de 75 millas. Si usted considera que no existen suficientes o ningun proveedor de servicios en su área dentro de las millas arrib mencionadas, comuníquese a la red o a su examinador de reclamos de TX; podrá recibir autorización para hacer uso de un proveedor de servicios fuera de la red.

La red autorizará el acceso a cuidado médico fuera de la red en las situaciones siguientes:

- Atención de urgencia.
- Por vivir temporalmente fuera de la zona geográfica de servicio.
- Cuando no haya disponibilidad de un especialista para ser referido.
- Antes de que el empleado haya recibido el aviso de los requisitos de la HCN y la información para el empleado.

La HCN no autorizará el acceso a cuidado fuera de la red que involucre las siguientes situaciones.

- Una solicitud de referencia que no fuera médicamente necesaria.
- Una referencia médica donde el proveedor de la especialidad si esté disponible dentro de la red.

Si un empleado afirma que él o ella no vive actualmente en el area de servicio de la red, el empleado podrá solicitar una revisón contactando al portador de seguros y proporcionando evidencia que apoye la aseveración del empleado. Su portador revisará la información y presentará una resolución por escrito dentro de los siguientes siete días de su solicitud. Usted puede elegir recibir todos los servicios de cuidado médico de la red mientras el encargado revisa su solicitud. Si usted elige recibir atención fuera de la red, **podría ser responsable de todos los pagos**, y portador podría no ser responsable de pagar si finalmente determina que usted vive dentro del área de servicio de la red. Si su portado no autoriza su solicitud, recibirá un aviso de los requisitos de la red.

- **¿Puedo hacer uso de la red aun si vivo fuera del Area de Servicio?**

  Podría recibir tratamiento de los proveedores de la red, asi como cualquier otro servicio ofrecido por la HCN, aun si no vive en el área de servicio de la red. Deberá obtener permiso del encargado de la red para poder hacerlo. Si requiere ayuda para solicitar el permiso para hacer uso de la red, puede llamar al (800) 739-3344 opción 5.

- **¿Existen servicios médicos que requieren autorización previa antes de comenzar servicios o para continuar los servicios?**

  Si, los siguientes servicios requieren de autorización previa:

  - Todas las cirugías con codigos CPT 1-6 y codigos G (cual representa procedimiento quirúrgico) con la cantidad facturada mayor de $500, incluyendo cirugía espinal y de disco artificial. La solicitud de preautorizacion deberia incluir equipos especificos par ser utilizados en este procedimiento.
  - Cirugía de la columna
  - Internación de paciente hospitalizado
  - Anuloplastía electrotérmica intradiscal (IDET)
  - Medicina Física y Rehabilitación después de las 8 visitas

- Atención de enfermería en el hogar
- Tratamientos de terapia ocupacional después de las 8 visitas
- Tratamientos quiroprácticos mayores después de las 8 visitas
- Reforzamiento laboral/acondicionamiento laboral mayor de 2 semanas
- Acupuntura
- Procedimientos diagnósticos que no sean rayos x, es decir, imágenes por resonancia magnética (por sus siglas en inglés, MRI), tomografía axial computarizada (CT scan) (requiere autorización previa en la RM y la TC procedimientos iniciales después de los procedimientos de diagnóstico)
- Pruebas de electromiografía (por sus siglas en inglés, EMG) y velocidad de conducción nerviosa (por sus siglas en inglés, NCV)
- Repetición de procedimientos diagnósticos e MRI (MRI/escáner de la columna vertebral dentro de las primeras 4 semanas o repetición de todas las MRI para todas las partes corporales)
- Inyecciones epidurales de esteroides
- Inyecciones en las facetas
- Inyecciones de los puntos miofibroálgicos
- Inyecciones intraarticular de esteroides
- Inyecciones de Botox
- Inyecciones intraarticular de esteroides
- Equipaje médico duradero (DME) querido cargos facturados más de $ 500 por artículo (ya sea de compra o alquiler de espera acumulada
- Unidades interferenciales
- Estimuladores del crecimiento óseo externos e implantables
- Stimulators de médula espinal
- Las pruebas psicológicas y la psicoterapia, las entrevistas de repetición, y la retroalimentación a menos que el servicio sea parte de una autorización de la División de pre o exentos regresó programa de rehabilitación.
- Psicoterapia, con trabajador social, psicólogo o psiquiatra
- Cuidado de salud en el hogar/asistentes de terapia física/asistentes
- Visitas de enfermería especializada
- Investigación o los procedimientos experimentales de servicios o medicamentos o dispositivos para los que no hay principios, el desarrollo de las pruebas científicas o clínicas que demuestran la eficacia potencial del tratamiento, servicio o dispositivo, pero que todavía no es ampliamente aceptada como la norma vigente de la atención
- Programas la dependencia química
- Discogramas
- Descompresión vertebral axial (Vax-D)
- Asilos, centros de enfermería especializada, admisiones a centros de convalecencia o residenciales
- (Los medicamentos no incluidos en el formulario de la División de planes de tratamiento requerido tratamiento y servicios que superen o no son abordadas por la Comisión aprobó las directrices y protocolos de tratamiento no están en un plan de tratamiento antes de autoridades por el transportista.
- El tratamiento de una lesión o el diagnóstico de que no es aceptada por la compañía tras el examen los médicos tratantes para definir el perjuicio indemnizable.

- Estudios de diagnósticos individuales repitidos, con un reembolso establecido en la directriz médica actual tasa de más de $350 o sin una tasa de reembolso en las Directrices de tarifas médicas (A menos que otro sabio especificado).

  El número al que deberá llamar para solicitar autorización para alguno de estos servicios o tratamientos es el (800) 354-3053 o puede mandar la solicitud por fax al (888) 404-1134. Si su solicitud fuera rechazada se lo informaremos por escrito. También le informaremos acerca de su derecho a solicitar una reconsideración o apelación al tratamiento negado. También se le informará si su solicitud fuera rechazada por motivos de necesidad médica, o acerca de sus derechos para solicitar una revisión por la Organización de Revisión Independiente (Independent Review Organization) a través del Departamento de Seguros de Texas (Texas Department of Insurance).
- Pagos por Atención Médica. Los médicos de la HCN han acordado recibir directamente del encargado o de la HCN los pagos que deriven de su atención médica. No le pedirán a usted que lo haga. Si recibe atención médica de un doctor que no se encuentra en la red sin autorización previa de la HCN, a excepción de la atencion de urgencias, la empresa no se hará responsable y usted podría tener que pagar por el costo de esos servicios.

- **¿Cómo presento una queja?**

  Tiene el derecho de presentar una queja ante la First Health TX HCN. Puede presentar una queja si no está satisfecho con su experiencia con la HCN o su médico de red durante los siguientes 90 dias de ocurrir el evento. Para presentar una queja, deberá comunicarse con First Health por via telefónica, email, correo o fax a:

  First Health Group Corp.
  Attn: Grievance Coordinator
  3200 Highland Ave
  Downers Grove, IL 60515
  Tel. (800) 262-6122 y Fax 630-737-2077
  email: complaintsandgrievances@cvty.com

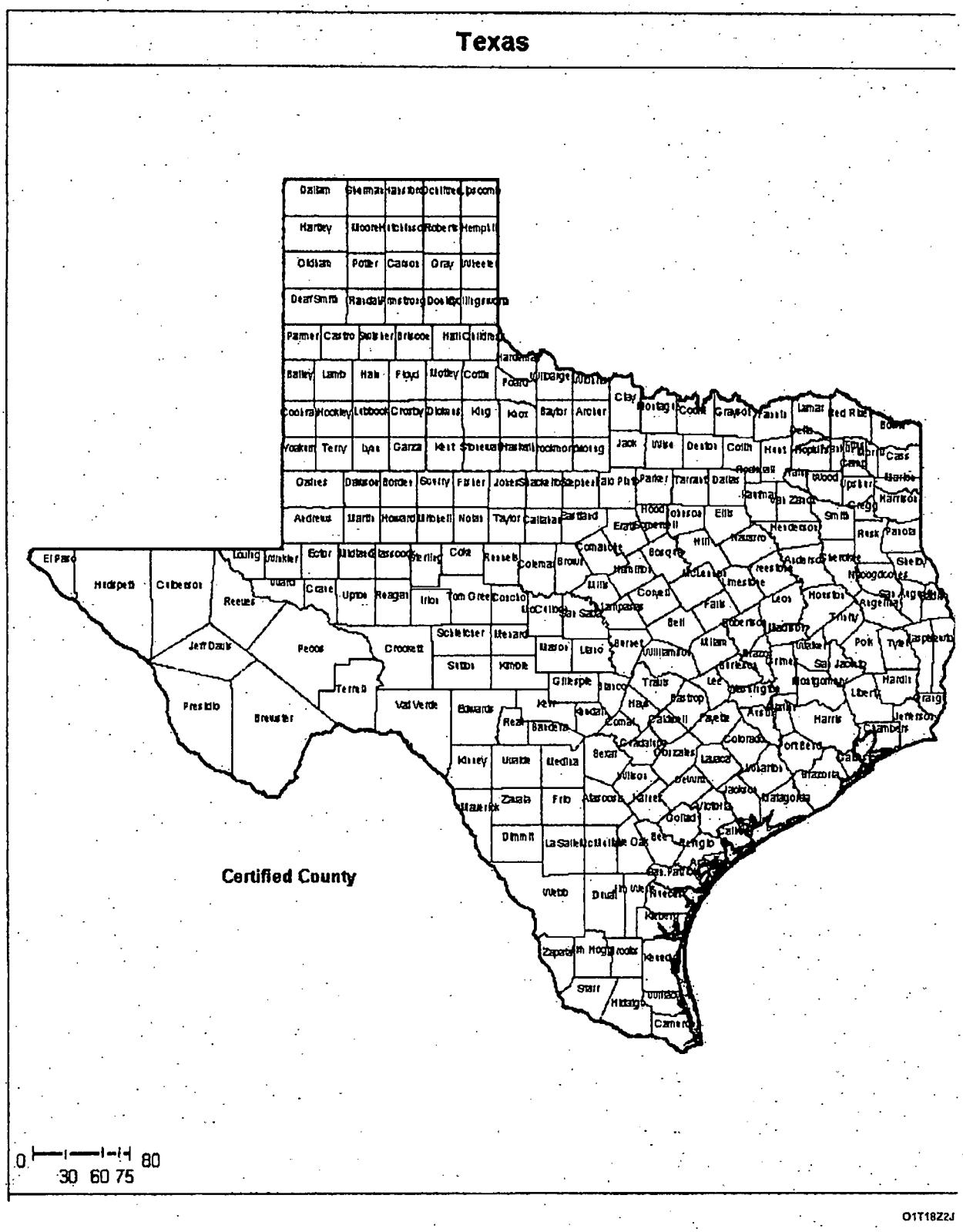
  First Health no tomará represalias contra usted si presentara una queja contra la red o si apela una decision de la red. First Health tampoco tomará represalias contra un proveedor que presente una queja contra la red o apele una decisión de la red en su nombre.

  Usted tiene el derecho de presentar una queja ante el Departamento de Seguros de Texas (Texas Department of Insurance) si se encuentra insatisfecho con la resolución de la reclamación. Puede obtener la forma de reclamación del Departamento en el sitio web del Departamento si entra a www.tdi.texas.gov. También puede solicitar una forma si escribe a:

  Texas Department of Insurance
  Mail Code 103-6A
  P.O. Box 149104
  Austin, Texas 78714-9104

O1T18Z4H

Service Area



Recibo de información sobre
la Red de Compensación al Trabajador

SENTRY INSURANCE

He recibido información sobre cómo obtener atención de salud bajo el segurode compensación al trabajador.

Si me lesionara en el empleo y vivo dentro del área de servicio descrita en este documento entiendo que:

1. Tengo que escoger al doctor que me va a tratar de la lista de doctores en la red. O, puedo preguntarle a mi médico principal del HMO si acepta tratarme.
2. Tengo que ir al doctor que me da el tratamiento para toda la atención que necesito para la lesión. Si necesito un especialista el doctor que me está atendiendo tendrá que dar una recomendación. Si necesito atención de emergencia puedo obtenerla donde quiera.
3. La aseguradora pagará directamente al doctor y a los otros proveedores de la red que me den tratamiento.
4. Es posible que yo tenga que pagar las cuentas si voy a un doctor o proveedor que no está en la red y no tengo aprobación de la red.

_____ _____

Firma Fecha

_____

Nombre en molde: _____

Mí domicilio: _____

Dirección

_____

_____

Ciudad Estado Código postal

Nombre del empleador: _____

Nombre de la red **First Health TX HCN**

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NEW YORK WORKERS COMPENSATION
POLICYHOLDER NOTICE OF RIGHT TO APPEAL

Policyholder Disputes

Policyholders are entitled to inquire, challenge and dispute issues relating to classification, ownership, premium auditing, and/or other New York Compensation Insurance Rating Board (NYCIRB) rulings or decisions pertaining to this policy. Please refer to the Employer's Appeal Process noted below.

Inquiries may also be directed to the New York State Department of Financial Services (DFS) at:

http://www.dfs.ny.gov/about/contactus.htm#consumer

or by calling the Consumer Hotline at 800- 342 –3736 (Monday through Friday, 8:30 AM to 4:30 PM).

Policyholder Right to Appeal

An insured, or its representative, (hereafter referred to as "insured"), may appeal the application of a rule or procedure contained in the NY Workers Compensation & Employers Liability Manual. Rules or procedures are defined as those determinations, either by a carrier or the Rating Board, which define the variables which makeup the policy conditions. Examples include: classification codes, ownership information, premium audits, and any other determination which may affect the policy.

To be considered for review, a written request explaining the reason(s) for the appeal must be submitted to the Rating Board. Upon receipt of the request for review, the following actions will be taken:

1. A staff member will review the request and respond to the insured within sixty (60) days, in writing, acknowledging receipt of the request, granting the insured its request or sustaining its original ruling.
2. The insured, if not satisfied with the outcome in 1. above, may then request, in writing, a conference with members of the Rating Board staff. The request must state the nature of the complaint and contain any supporting documents. The appropriate Department Vice President or his or her designated representative, if appropriate, will preside at the conference.
3. If the dispute is not resolved at the conference, the insured may then appeal to the Underwriting Committee of the Rating Board for a hearing to consider the staff ruling. This appeal must be in writing and must specify the reason(s) for the appeal and the nature of the complaint.

   Following, receipt of the appeal, the insured will be notified regarding the time and place for the hearing. The appeal will be heard at the next Underwriting Committee meeting for which appropriate time can be given for this matter. Subsequent to the hearing, the insured will be advised, in writing, of the Underwriting Committee decision regarding its complaint.
4. If the Underwriting Committee ruling is not satisfactory to the insured, the insured may then request a hearing at the New York State Department of Financial Services to consider the decision of the Rating Board's Underwriting Committee.
5. The New York State Department of Financial Services decision may be appealed to a higher court, by either the insured or the Rating Board

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ALABAMA - POLICYHOLDER NOTICE OF DEDUCTIBLE OPTION

Alabama Statutes require each insurer issuing a Workers' Compensation Policy for an Alabama Insured to offer optional deductibles. The deductible choices are shown below.

If a deductible option is chosen, you will be liable for the amount of the deductible for benefits paid for each compensable claim of work injury suffered by an employee. We will pay all or part of the deductible amount, which ever is applicable to a compensable claim, to the person or provider entitled to the benefits under Workers Compensation Statutes and then seek reimbursement from you for the applicable deductible amount.

If you are interested in more information on deductibles or any other information regarding your policy please contact our representative or write our office. We sincerely appreciate your business and hope that our service will continue to receive your approval.

OPTIONAL DEDUCTIBLE AMOUNTS

$ 100
200
300
400
500
1,000
1,500
2,000
2,500

ARIZONA
ALCOHOL - DRUG FREE WORKPLACE CREDIT PROGRAM

Employers maintaining a cerfified Alcohol - Drug Free Workplace are eligible for a premium credit of five percent (5%). This credit is provided as an incentive to prevent and reduce losses that are a result of alcohol and drug related workplace accidents.

Qualifying employers must provide a written statement to the insurer prior to or within 30 days after the beginning of the policy effective date each year certifying that the Alcohol and Drug Free Program meets the requirements of Title 23, Chapter 2, Article 14 of Arizona Statutes.

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IMPORTANT INFORMATION CONCERNING YOUR CALIFORNIA PREMIUM

The State of California, Department of Industrial Relations, Division of Workers' Compensation, under Labor Code Sections 62.5 & 62.6 require insurers to collect six assessments from Workers' Compensation policyholders.

California law requires all companies to surcharge policies to recover these assessments. When your policy is surcharged an amount and assessment description will be displayed on your Workers' Compensation Information Page.

1. CA STATE WC ADMINISTRATIVE SURCHARGE - is used to augment funding for the administration of the department.

2. CA WC FRAUD ASSESSMENT - is used to fund increased investigation and prosecution of Workers' Compensation fraud.

3. CA SUB INJ BENEFIT ASSESSMENT - is used to pay the non-administrative benefits of the fund.

4. CA UNINSURED EMPL BENEFIT ASSESSMENT - is used to pay the non-administrative benefits of the fund.

5. CA WC OCC SAFETY/HEALTH ASSESSMENT - is used to support the mandated activities of the Cal/OSHA program.

6. CA WC LABOR ENFORCEMENT AND COMPLIANCE FUND ASSESSMENT - is used to support the mandated activities of the Division of Labor Standards and Enforcement (DLSE) program.

These assessments provide a stable funding source to allow the courts to resolve claims more quickly, to assure safe and healthy working conditions on the job to prevent injuries from occurring, and to improve the overall operation of the system for California's workers and employers.

WC 80 04 0009 (Ed. 01 10)

NOTICE TO CALIFORNIA WC POLICYHOLDERS
OCCUPATIONAL INJURY AND ILLNESS PREVENTION CONSULTATION SERVICES

As part of our insurance program, the following occupational injury and illness prevention consultation services are provided at no additional cost to our insureds.

1. Surveys of buildings and operations for hazardous conditions.

2. Consultation to aid in the resolution of occupational injury and illness prevention problems.

3. Analysis of loss data to identify and evaluate actual or potential exposures which can result in employee injury and illness.

4. Assistance in training managers, supervisors and employees with regard to injury and illness prevention principles and techniques.

5. Provide information on safety and health standards, codes, regulations, safety equipment and technical data.

6. Assist in the evaluation of existing injury and illness prevention programs or development of an appropriate program to fit your needs.

7. Provide visual aids to supplement your injury and illness prevention program.

If you have an immediate need for any of these services, please write, fax, or call:

Troy Tepp, CSP
Sentry Insurance
1800 North Point Drive
Stevens Point, WI 54481
800-443-9655 Extension 6075
Fax: 715-346-8015

Notice: Workers' compensation insurance policyholders may direct questions or complaints about an insurer's loss control consultation services by contacting: State of California, Department of Industrial Relations; Loss Control Services Coordinator, The Commission on Health, Safety & Workers' Compensation, 455 Golden Gate Avenue, 10th Floor, San Francisco, CA 94102 (415) 703-4220.

WC 80 04 0012 (Ed.08 12)

POLICYHOLDER NOTICE
YOUR RIGHT TO RATING AND DIVIDEND INFORMATION

I. INFORMATION AVAILABLE TO YOU

A. INFORMATION AVAILABLE FROM US - Sentry Insurance Group

(1) General questions regarding your policy should be directed to Sentry Insurance Group, 16815 Von Karman Ave, Ste. 200, Irvine, CA 92606.
Telephone: 949-930-6100.

(2) DIVIDEND CALCULATION. If this is a participating policy (a policy on which a dividend may be paid), upon payment or non-payment of a dividend, we shall provide a written explanation to you that sets forth the basis of the dividend calculation. The explanation will be in clear, understandable language and will express the dividend as a dollar amount and as a percentage of the earned premium for the policy year on which the dividend iscalculated.

(3) CLAIMS INFORMATION. Pursuant to Sections 3761 and 3762 of the California Labor Code, you are entitled to receive information in our claim files that affects your premium. Copies of documents will be supplied at your expense during reasonable business hours.

For claims covered under this policy, we will estimate the ultimate cost of unsettled claims for statistical purposes eighteen months after the policy becomes effective and will report those estimates to the Workers' Compensation Insurance Rating Bureau of California (WCIRB) no later than twenty months after the policy becomes effective. The cost of any settled claims will also be reported at that time. At twelve-month intervals thereafter, we will update and report to the WCIRB the estimated cost of any unsettled claims and the actual final cost of any claims settled in the interim. The amounts we report will be used by the WCIRB to compute your experience modification if you are eligible for experience rating.

B. INFORMATION AVAILABLE FROM THE WORKERS' COMPENSATION INSURANCE RATING BUREAU OF CALIFORNIA

(1) The WCIRB is a licensed rating organization and the California Insurance Commissioner's designated statistical agent. As such the WCIRB is responsible for administering the California Workers' Compensation Uniform Statistical Reporting Plan--1995 (USRP) and the California Workers' Compensation Experience Rating Plan--1995 (ERP). Contact information for the WCIRB is: WCIRB, 525 Market Street, Suite 800, San Francisco, California 94105-2767, Attention: Customer Service. You may also contact WCIRB Customer Service at 1-888-229-2472, by fax at 415-778-7272, or via the Internet at the WCIRB's website: http://www.wcirbonline.org. The

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regulations contained in the USRP and the ERP are available for public viewing through the WCIRB's website.

(2) POLICYHOLDER INFORMATION. Pursuant to California Insurance Code (CIC) Section 11752.6, upon written request, you are entitled to information relating to loss experience, claims, classification assignments, and policy contracts as well as rating plans, rating systems, manual rules, or other information impacting your premium that is maintained in the records of the WCIRB. Complaints and Requests for Action requesting policyholder information should be forwarded to: WCIRB, 525 Market Street, Suite 800, San Francisoco, California 94105-2767, Attention: Custodian of Records. The Custodian of Records can be reached by telephone at 415-777-0777 and by fax at 415-778-7272.

(3) EXPERIENCE RATING FORM. Each experience rated risk may receive a single copy of its current Experience Rating Form free of charge by completing a Policyholder Rate Sheet Request Form on the WCIRB's website at https://wcirbonline.org/ratesheet. The Experience Rating Form will include a Loss-Free Rating, which is the experience modification that would have been calculated if $0 (zero) actual losses were incurred during the experience period. This hypothetical rating calculation is provided for informational purposes only.

II. DISPUTE PROCESS

You may dispute our actions or the actions of the WCIRB pursuant to CIC Sections 11737 and 11753.1.

A. OUR DISPUTE RESOLUTION PROCESS.

You may send us a written Complaint and Request for Action requesting that we reconsider a change in a classification assignment that results in an increased premium and/or requesting that we review the manner in which our rating system has been applied in connection with the insurance afforded or offered you. Written Complaints and Requests for Action should be forwarded to: Sentry Insurance Group, 16815 Von Karman Ave, Ste. 200, Irvine, CA 92606.
Telephone: 949-930-6100
Fax #: 949-930-6111
Website: Sentry.com

After you send your Complaint and Request for Action, we have 30 days to send you a written notice indicating whether or not your written request will be reviewed. If we agree to review your request, we must conduct the review and issue a decision granting or rejecting your request within 60 days after sending you the written notice granting review. If we decline to review your request, if you are dissatisfied with the decision upon review, or if we fail to grant or reject your request or issue a decision upon review, you may appeal to the insurance commissioner as described in paragraph II.C., below.

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WC80040020 (Ed. 03-14)

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POLICYHOLDER NOTICE
YOUR RIGHT TO RATING AND DIVIDEND INFORMATION - CONTINUED

B. DISPUTING THE ACTIONS OF THE WCIRB. If you have been aggrieved by any decision, action, or omission to act of the WCIRB, you may request, in writing, that the WCIRB reconsider its decision, action, or omission to act. You may also request, in writing, that the WCIRB review the manner in which its rating system has been applied in connection with the insurance afforded or offered you. For requests related to classification disputes, the reporting of experience, or coverage issues, your initial request for review must be received by the WCIRB within 12 months after the expiration date of the policy to which the request for review pertains, except if the request involves the application of the Revision of Losses rules. For requests related to your experience modification, your initial request for review must be received by the WCIRB within 6 months after the issuance, or 12 months after the expiration date, of the experience modification to which the request for review pertains, whichever is later, except if the request for review involves the application of the Revision of Losses rule. If the request involves the Revision of Losses rule, the time to state your appeal may be longer. (See Section VI, Rule 14 of the ERP).

You may commence the review process by sending the WCIRB a written Inquiry. Written Inquiries should be sent to: WCIRB, 525 Market Street, Suite 800, San Francisco, California 94105-2767, Attention: Customer Service. Customer Service can be reached by telephone at 1-888-229-2472, and by fax at 415-778-7272.

If you are dissatisifed with the WCIRB's position upon an Inquiry, or if the WCIRB fails to respond within 90 days after receipt of the Inquiry, you may pursue the subject of the Inquiry by sending the WCIRB a written Complaint and Request for Action. After you send your Complaint and Request for Action, the WCIRB has 30 days to send you written notice indicating whether or not your written request will be reviewed. If the WCIRB agrees to review your request, it must conduct the review and issue a decision granting or rejecting your request within 60 days after sending you the written notice granting review. If the WCIRB declines to review your request, if you are dissatisfied with the decision upon review, or if the WCIRB fails to grant or reject your request or issue a decision upon review, you may appeal to the insurance commissioner as described in paragraph II.C., below. Written Complaints and Requests for Action should be forwarded to: WCIRB, 525 Market Street, Suite 800, San Francisco, California 94105-2767, Attention: Complaints and Reconsiderations. The WCIRB's telephone number is 1-888-229-2472, and the fax number is 415-371-5204.

C. CALIFORNIA DEPARTMENT OF INSURANCE - APPEALS TO THE INSURANCE COMMISSIONER. If, after you follow the appropriate dispute resolution process described above, we or the WCIRB decline to review your request, if you are dissatisifed with the decision upon review, or if we or the WCIRB fail to grant or reject your

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request or issue a decision upon review, you may appeal to the insurance commissioner pursuant to CIC Sections 11737, 11752.6, 11753.1 and Title 10, California Code of regulations, Section 2509.40 et seq. You must file your appeal within 30 days after we or the WCIRB send you the notice rejecting review of your Complaint and Request for Action or the decision upon your Complaint and Request for Action. If no written decision regarding your Complaint and Request for Action is sent, your appeal must be filed within 120 days after you sent your Complaint and Request for Action to us or to the WCIRB. The filing address for all appeals to the insurance commissioner is:

Administrative Hearing Bureau
California Department of Insurance
45 Fremont Street, 22nd Floor
San Francisco, California 94105

You have the right to a hearing before the insurance commissioner, and our action, or the action of the WCIRB, may be affirmed, modified, or reversed.

III. RESOURCES AVAILABLE TO YOU IN OBTAINING INFORMATION AND PURSUING DISPUTES

A. POLICYHOLDER OMBUDSMAN. Pursuant to California Insurance Code Section 11752.6, a policyholder ombudsman is available at the WCIRB to assist you in obtaining and evaluating the rating, policy, and claims information referenced in I.A. and I.B. above. The ombudsman may advise you on any dispute with us, the WCIRB, or on an appeal to the insurance commissioner pursuant to Section 11737 of the Insurance Code. The address of the policyholder ombudsman is WCIRB, 525 Market Street, Suite 800, San Francisco, California 94105-2767, Attention: Policyholder Ombudsman. The policyholder ombudsman be reached by telephone at 415-778-7159 and by fax at 415-371-5288.

B. CALIFORNIA DEPARTMENT OF INSURANCE - INFORMATION AND ASSISTANCE.
Information and assistance on policy questions can be obtained from the Department of Insurance Consumer HOTLINE, 1-800-927-HELP (4357) or http://www.insurance.ca.gov. For questions and correspondence regarding appeals to the Administrative Hearing Bureau, see the contact information in paragraph II.C.

This notice does not change the policy to which it is attached.

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POLICYHOLDER NOTICE

CALIFORNIA WORKERS' COMPENSATION
INSURANCE RATING LAWS

Pursuant to Section 11752.8 of the California Insurance Code, we are providing you with an explanation of the California workers' compensation rating laws.

1. We establish our own rates for workers' compensation. Our rates, rating plans, and related information are filed with the insurance commissioner and are open for public inspection.

2. The insurance commissioner can disapprove our rates, rating plans, or classifications only if he or she has determined after public hearing that our rates might jeopardize our ability to pay claims or might create a monopoly in the market. A monopoly is defined by law as a market where one insurer writes 20% or more of that part of the California workers' compensation insurance that is not written by the State Compensation Insurance Fund. If the insurance commissioner disapproves our rates, rating plans, or classifications, he or she may order an increase in the rates applicable to outstanding policies.

3. Rating organizations may develop pure premium rates that are subject to the insurance commissioner's approval. A pure premium rate reflects the anticipated cost and expense of claims per $100 of payroll for a given classification. Pure premium rates are advisory only, as we are not required to use the pure premium rates developed by any rating organization in establishing our own rates.

4. We must adhere to a single, uniform experience rating plan. If you are eligible for experience rating under the plan, we will be required to adjust your premium to reflect your claim history. A better claim history generally results in a lower experience rating modification; more claims, or more expensive claims, generally results in a higher experience rating modification. The uniform experience rating plan, which is developed by the insurance rating organization designated by the insurance commissioner, is subject to approval by the insurance commissioner.

5. A standard classification system, developed by the insurance rating organization designated by the insurance commissioner, is subject to approval by the insurance commissioner. The standard classification system is a method of recognizing and separating policyholders into industry or occupational groups according to their similarities and/or differences. We can adopt and apply the standard classification system or develop and apply our own classification system, provided we can report the payroll, expenses, and other costs of claims in a way that is consistent with the uniform statistical plan or the standard classification system.

6. Our rates and classifications may not violate the Unruh Civil Rights Act or be unfairly discriminatory.

7. We will provide an appeal process for you to appear the way we rate your insurance policy. The process requires us to respond to your written appeal within 30 days. If you are not satisfied with the

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POLICYHOLDER NOTICE

CALIFORNIA WORKERS' COMPENSATION
INSURANCE RATING LAWS - CONTINUED

result of your appeal, you may appeal our decision to the insurance commissioner.

CALIFORNIA WORKERS' COMPENSATION INSURANCE
NOTICE OF NONRENEWAL

Section 11664 of the California Insurance Code requires us, in most instances, to provide you with a notice of nonrenewal. Except as specified in paragraphs 1 through 6 below, if we elect to nonrenew your policy, we are required to deliver or mail to you a written notice stating the reason or reasons for the nonrenewal of the policy. The notice is required to be sent to you no earlier than 120 days before the end of the policy period and no later than 30 days before the end of the policy period. If we fail to provide you the required notice, we are required to continue the coverage under the policy with no change in the premium rate until 60 days after we provide you with the required notice.

We are not required to provide you with a notice of nonrenewal in any of the following situations:

1. Your policy was transferred or renewed without a change in its terms or conditions or the rate on which the premium is based to another insurer or other insurers who are members of the same insurance group as us.

2. The policy was extended for 90 days or less and the required notice was given prior to the extension.

3. You obtained replacement coverage or agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.

4. The policy is for a period of no more than 60 days and you were notified at the time of issuance that it may not be renewed.

5. You requested a change in the terms or conditions or risks covered by the policy within 60 days prior to the end of the policy period.

6. We made a written offer to you to renew the policy at a premium rate increase of less than 25 percent.

   (A) If the premium rate in your governing classification is to be increased 25 percent or greater and we intend to renew the policy, we shall provide a written notice of a renewal offer not less than 30 days prior to the policy renewal date. The governing classification shall be determined by the rules and regulations established in accordance with California Insurance Code Section 11750.3(c).

   (B) For purposes of this Notice, "premium rate" means the cost of insurance per unit of exposure prior t the application of individual risk variations based on loss or expense considerations such as scheduled rating and experience rating.

This notice does not change the policy to which it is attached.

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POLICYHOLDER NOTICE
CALIFORNIA INSURANCE GUARANTEE ASSOCIATION (CIGA) SURCHARGE

Companies writing property and casualty insurance business in California are required to participate in the California Insurance Guarantee Association. If a company becomes insolvent, the California Insurance Guarantee Association settles unpaid claims and assesses each insurance company for its fair share.

California law requires all companies to surcharge policies to recover these assessments. If your policy is surcharged, "CA Surcharge" with an amount will be displayed on your policy declaration page.

This notice does not change the policy to which it is attached.

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WORKERS COMPENSATION DISCLOSURE FORM
IMPORTANT NOTICE TO POLICYHOLDERS

1. Notice Of Change In Rate By Classification

   If you desire information whenever there is a change in your workers' compensation insurance rate by classification, you must request such information from your insurer. This request for information must be in writing.

2. Notice Of Policyholder's Right To Appeal Classification

   Your insurer can charge and collect any additional amount of money not included in the initial premium charged as a result of job misclassification.

   If you have any questions regarding the employee classification assigned to calculate your workers' compensation insurance premium, you need to direct your questions to your insurer or the insurer's authorized representative within either thirty (30) days after the anniversary date of the policy or the date of receipt by you of notice of a change in job classification. Within thirty (30) days after receipt of your request for information, your insurer or the insurer's authorized representative must explain to you why a particular employee classification was used.

   If you disagree with your insurer or the insurer's authorized representative on the employee classification assignment, you may appeal to the Workers' Compensation Classification Appeal Board by filing written notice with said board within thirty (30) days after you have exhausted all appeal review procedures provided by the insurer. Your request should be sent to the Secretary of the Colorado Workers' Compensation Classification Appeals Board, National Council on Compensation Insurance, INC. (NCCI), 10920 W. Glennon Drive, Lakewood, CO 80226. Written instructions for your appearance before the Colorado Workers' Compensation Classification Appeals Borad will be furnished by the Secretary of the board. The board will render a decision as to whether a misclassification has occurred.

   A decision by the board is final and not subject to appeal unless you, the insurer or Pinnacol Assurance provides written notice of appeal within thirty (30) days after the board's decision to the office of the Commissioner of Insurance, 1560 Broadway, Suite 850, Denver, CO 80202. The Commissioner shall review any decision of the board properly appealed.

3. Notice Of Availability Of Medical Case Management Services

   We use medical fee schedules, second opinions, as well as several outside companies to monitor medical costs, these are combined to assist in the reduction of medical care costs.

WC-80-05-0005 (ED. 05-07)

- CONTINUED

4. Notice Of Availability Of Cost Containment

Colorado House bill 92-1118 requires that you be notified of the availability of cost containment certification by the Workers Compensation Cost Containment Board pursuant to Section 8-14.5-107 C.R.S. This section resulted in the Workers Compensation Premium Cost Containment Certification Program which is administered by the Colorado Department of Labor and Employment. Employer certification may result in a premium reduction.

COLORADO - POLICYHOLDER NOTICE OF DEDUCTIBLE OPTION

Colorado statute 8-44-111 requires each insurer issuing a Workers' Compensation Policy for a Colorado insured to offer optional deductibles. The deductible choices are shown below.

If a deductible option is chosen, you will be liable for the amount of the deductible for benefits paid for each compensable claim of work injury suffered by an employee. We will pay all or part of the deductible amount, which ever is applicable to a compensable claim, to the person or provider entitled to the benefits under Workers Compensation Statutes and then seek reimbursement from you for the applicable deductible amount.

If you are interested in more information on deductibles or any other information regarding your policy please contact our representative or write our office. We sincerely appreciate your business and hope that our service will continue to receive your approval.

Optional Deductible Amounts

$ 500
1,000
1,500
2,000
2,500
5,000
10,000
13,500

NOTICE TO EMPLOYER: If you have a Drug-Free Workplace Program established and maintained in accordance with Florida law, and you would like to apply for the 5% premium credit that is available, please complete this form and forward it to your insurer. Re-certification is required annually.

APPLICATION FOR DRUG-FREE WORKPLACE PREMIUM CREDIT PROGRAM

Name of Employer: KAPSTONE PAPER AND PACKAGING

Date Program Implemented: _____

Testing:
Procedures for drug testing have been established and/or drug testing has been conducted in the following areas:

- ☐ Job applicant
- ☐ Reasonable suspicion
- ☐ Routine fitness for duty
- ☐ Follow-up testing to Employee Assistance Program

Notice of Employer's Drug Testing Policy:

- ☐ Copy to all employees prior to testing
- ☐ Posted on employer's premises
- ☐ Copy to job applicants prior to testing
- ☐ General notice given 60 days prior to testing
- ☐ Show notice of drug testing on vacancy announcements
- ☐ Copies available in personnel office or other suitable locations
- ☐ No notice required because the employer had a drug testing program in place prior to July 1, 1990

Education:

- ☐ Resource file on providers
- ☐ Employee Assistance Program
- ☐ Education

Name of Medical Review Officer: _____

A. Name of approved Agency for Health Care Administration Lab or United States Department of Health and Human Services Certified Laboratory:

_____

B. Phone No.: ( ) _____

C. Address: _____

Your certification is subject to physical verification by the insurer. Your policy is subject to additional premium for reimbursement of premium credit, and cancellation provisions of the policy if it is determined that you misrepresented your compliance with Florida law. Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

Employer Name	Date	Officer/Owner Signature*
		Title

* Application must be signed by an officer or owner.
THE ABOVE SIGNED CERTIFIES THAT THIS INFORMATION IS A TRUE AND FACTUAL DEPICTION OF THEIR CURRENT PROGRAM.

Notary Public's Signature	Date	Expiration of Commission

(NC3010)
Form 09-01

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WC-80-09-0010 (Ed. 7-04)

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KAPSTONE-001464

CERTIFICATION OF EMPLOYER WORKPLACE SAFETY PROGRAM PREMIUM CREDIT

Employer Name: KAPSTONE PAPER AND PACKAGING

Name of Contact Person: _____ Telephone #: _____

Policy #: 90-16567-04 00 151 Effective Date of Policy: 07/01/2015

I am submitting a copy of my workplace safety program which meets the requirements of Section 440.1025, Florida Statutes. I certify that this safety program has been implemented in my workplace and is being maintained as submitted to my carrier.

This is to certify that my workplace safety program meets or exceeds the following provisions as provided for in Section 440.1025, Florida Statutes:

1) Written safety policy and safety rules
2) Safety inspections
3) Preventive maintenance
4) Safety training
5) First aid
6) Accident investigation
7) Necesary record keeping

The workplace safety program and application I am submitting for the purpose of obtaining a premium credit do not contain any false, incomplete, or misleading information. I attest to the accuracy of the information submitted. I am aware that I may be subject to an on-site inspection by my carrier, for the purpose of validating the accuracy of this information.

I am aware that any person who submits an application that contains false, misleading, or incomplete information provided with the purpose of avoiding or reducing the amount of premiums for workers' compensation coverage is a felony of the second degree, punishable as provided in Sections 775.082, 775.083 or 775.084 Florida Statutes, or as otherwise punishable as provided under the law.

_____
(Signature)

_____
(Print Name and Title)

_____
(Date)

State of Florida
County of _____

Sworn to, or affirmed, and subscribed before me

this _____ day of _____

20 ____. by _____

_____
(Signature of Notary)

_____
(Expiration Date and Number)

(NC3011)
Form SAFETY 09-3

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WC-80-09-0012 (Ed. 7-06)
90-16567-04 00 151

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FLORIDA - POLICYHOLDER NOTICE OF DEDUCTIBLE OPTION

The Florida Statute, Section 440.20(1)(5) requires each insurer issuing a Workers' Compensation Policy for a Florida insured to offer optional deductibles. The deductible choices are shown below.

If a deductible option is chosen, you will be liable for the amount of the deductible for benefits paid for <u>each</u> compensable claim of work injury suffered by an employee. We will pay all or part of the deductible amount, which ever is applicable to a compensable claim, to the person or provider entitled to the benefits under Workers Compensation Statutes and then seek reimbursement from you for the applicable deductible amount.

If you are interested in more information on deductibles or any other information regarding your policy please contact our representative or write our office. We sincerely appreciate your business and hope that our service will continue to receive your approval.

OPTIONAL DEDUCTIBLE AMOUNTS	COINSURANCE/DEDUCTIBLE AMOUNTS	COINSURANCE AMOUNTS
$ 500	$ 500	$ 5,000
1,000	1,000	10,000
1,500	1,500	15,000
2,000	2,000	20,000
2,500	2,500	21,000
5,000		
10,000		
15,000		
20,000		
25,000		
50,000		
75,000		

SENTRY LOSS CONTROL DEPARTMENT

As part of Sentry's insurance program, loss control information and services are offered to our policyholders.

1. Surveys of buildings and operations for hazardous conditions.
2. Consultation to aid in the solution of accident prevention, industrial hygiene and industrial health problems,
3. Analysis of loss data to identify and evaluate actual or potential exposures which can result in employee injuries.
4. Assistance in training supervisors, formen and employees with regard to accident control principles and techniques.
5. Provide information on safety standards, codes, regulations, safety equipment and technical data.
6. Assist in the evaluation of existing accident control program or development of an accident control program to fit your need.
7. Provide visual aids to supplement your accident control program.

These services will be provided upon your request at no cost to you. A Sentry Representative will contact you within thirty (30) days of your request to schedule a consultative visit. A consultative visit will be made within ninety (90) days after receipt of following notice.

Sentry employs qualified personnel performing the duties of safety representatives in order to provide safety information or assistance to our Florida policyholders.

SAFETY SERVICES DEPT.
SENTRY INSURANCE A MUTUAL COMPANY/MIDDLESEX INSURANCE COMPANY/
PATRIOT GENERAL INSURANCE COMPANY/SENTRY CASUALTY COMPANY

SENTRY INSURANCE
DAN W. HOOVER, MS, CSP
ASSOCIATE DIRECTOR OF NA SAFETY SERVICES
1800 NORTH POINT DRIVE
STEVENS POINT, WI 54481
715-346-7730

_____ Please contact me to schedule a Loss Control consultative visit.

_____ A Loss Control consultative visit is not desired at this time.

Acct. # 90-16567

KAPSTONE PAPER AND PACKAGING
Company Name

1101 SKOKIE BLVD., SUITE 300
Address

NORTHBROOK IL 60062
City State Zip

Contact Person Phone No.

WC80090036 03 14

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GEORGIA - POLICYHOLDER NOTICE OF DEDUCTIBLE OPTION

The Georgia Legislature passed House Bill 1753. This bill requires each insurer issuing a Workers' Compensation Policy for a Georgia insured to offer optional deductibles. The deductible choices are shown below.

If a deductible option is chosen, you will be liable for the amount of the deductible for benefits paid for each compensable claim of work injury suffered by an employee. We will pay all or part of the deductible amount, which ever is applicable to a compensable claim, to the person or provider entitled to the benefits under Workers Compensation Statutes and then seek reimbursement from you for the applicable deductible amount.

If you are interested in more information on deductibles or any other information regarding your policy please contact our representative or write our office. We sincerely appreciate your business and hope that our service will continue to receive your approval.

OPTIONAL DEDUCTIBLE AMOUNTS

$ 100
200
300
400
500
1,000
1,500
2,000
2,500

State Board of Worker's Compensation

APPLICATION FOR CERTIFICATION OR ANNUAL RECERTIFICATION OF THE DRUG-FREE WORKPLACE PREMIUM CREDIT PROGRAM (revised March 2012)

THIS APPLICATION MUST BE SUBMITTED ANNUALLY

Directions: Please answer the following questions, complete the checklist, and return this application and a $35.00 check for the certification/recertification fee. Keep documentation of your compliance in your files for review by your insurer or the State Board of Workers' Compensation upon request. The certificate will expire one year from the date issued. To remain a Drug-Free Workplace Program employer, you must apply annually.

Make Check Payable To: Georgia Drug-Free Workplace Program

Mail to: State Board of Workers' Compensation
Georgia Drug-Free Workplace Program
270 Peachtree Street, NW
Atlanta, GA 30303-1299
info@sbwcdfwp.org

Georgia Drug-Free Workplace Statutes can be viewed from our website, www.sbwc.georgia.gov

Fields indicated with * are required.

A.

Coordinator's Name*: _____

Email*: _____

Company Name*: _____

Federal Employer Identification # (FEIN)*: _____

Phone Number*: _____

Physical Address

Address*: _____

City*: _____

State*: _____ ZIP Code*: _____

County*: _____

Mailing Address (if different from above)

Address*: _____

City*: _____

State _____ ZIP Code*: _____

No. of Employees*: _____ Type of Business*: _____

WC-80-10-0007 (Ed. 7-13)

1 00002 0000000038 15191 0 N 28678825-C08D-4DA6-9626-721D545FB489

B.
How many years has your company been certified as a drug-free workplace employer?

___ This will be our first year ____This is our 2nd or subsequent year

C.
How is your company insured for workers' compensation?

___ Insurance Policy ___ Private Self-Insured ___ Group Fund Self-Insured

NOTE: Employers should ensure that they have read and understand the provisions of Article 11 of Chapter 9 of Title 34 for compliance of the drug-free workplace program. See code sections O.C.G.A. 34-9-410 through 34-9-421.

D. Checklist

1. Policy Statement Required for Certification: (OCGA 34-9-414 (a) (1))

☐ **Statement of required types of abuse testing.** (OCGA 34-9-414 (a) (1) (A))

1. **Job Applicant Testing Required Certification:** (OCGA 34-9-415 (b)) See code section.
2. **Reasonable Suspicion Testing Required for Certification:** (OCGA 34-9-415 (b)) See code section.
3. **Post-Accident Testing Required for Certification:** (OCGA 34-9-415 b)) See code section.
4. **Post Rehabilitation Testing Required For Certification:** (OCGA 34-9-415 (b)) See code section.
5. **Routine-Fitness-for-Duty Testing Required for Certification:** OCGA 34-9-415 (b)) See code section.

☐ **Statement of actions employer may take against employee or job applicant on the basis of a positive confirmed test result.** (OCGA 34-9-414 (1) (B)) See code section.

☐ **Statement of consequences of a job applicant's or employee's refusal to submit to a drug test.** (OCGA 34-9-414 (4)) See code section.

☐ **Statement advising employee or job applicant of the existence of the article outlining a certified drug-free workplace program.** (OCGA 34-9-414 (2)) See code section.

☐ **General confidentiality statement.** (OCGA 34-9-414 (3)) See code section.

☐ **Either a statement advising employee of Employee Assistance Program (EAP), if employer offers one.**
OR
Statement advising employee of employer's resource file of assistance programs and other persons, entities, or organizations designed to assist employees with personal or behavior problems. (OCGA 34-9-414 (5)) See code section.

☐ **Statement advising employee or job applicant who receives a positive confirmed test result that he or she may contest or explain the result to the employer within five (5) working days after written notification of the test result.** (OCGA 34-9-414 (6)) See code section.

☐ **Statement informing an employee or job applicant of the federal Drug-Free Workplace Act if it applies to you. CHECK ONLY IF APPLICABLE.** (OCGA 34-9-414 (7)) See code section.

☐ **EITHER sixty (60) day's notice was given prior to implementation of testing.**
OR
sixty (60) day's notice not required due to implementation of program occuring before July 1, 1993. (OCGA 34-9-414 (b)) See code section.

☐ **Notice of substance abuse testing is included on vacancy announcement for positions in which testing is required.** (OCGA 34-9-414 (c)) See code section.

☐ **Notice of substance abuse testing is posted in an appropriate and conspicuous location on employer's premises.** (OCGA 34-9-414(c)) See Code Section

☐ **Copies of policy are available to employees and job applicants in employer's personnel office or other suitable location.** (OCGA 34-9-414 (c)) See code section.

2-a. Substance Abuse Testing Required for Certification: (OCGA 34-9-415 (b)) See code section.

☐ **Job Applicant Testing Required for Certification:** (OCGA 34-9-415 (b)) See code section.

☐ **Reasonable Suspicion Testing Required for Certification:** (OCGA 34-9-415 (b)) See code section.

☐ **Post-Accident Testing Required for Certification:** (OCGA 34-9-415 (b)) See code section.

☐ **Post-Rehabilitation Testing Required for Certification:** (OCGA 34-9-415 (b)) See code section.

☐ **Routine-Fitness-for-Duty Testing Required for Certification:** CHECK ONLY IF APPLICABLE (OCGA 34-9-415 (b)) See code section.

2-b. Procedures for Substance Abuse Testing Required for Certification.
(OCGA 34-9-415 (d) and (e)). See code section.

Specimen Collection Responsibilities Required for Certification: (OCGA 34-9-415 (d)) (1) thru (5). See code section.

☐ **Collection of job applicant and employee specimen is performed in accordance with the standards and procedures outlined in the guidelines for certification.**

Employer Responsibilities required for Certification: (OCGA 34-9-415 (d)(6) thru (12)) See code section.

☐ **The employer is complying with the procedures that are outlined in the guidelines for certification.**

Laboratory Responsibilities Required for Certification:
(OCGA 34-415 (e)) See code section.

☐ **The laboratory that the employer is using is complying with the procedures that are outlined in the guidelines for certification.** (OCGA 34-9-415(e)(1) thru (3), (f) thru (g)) See code section.

NOTE: NO LABORATORY may analyze initial or confirmation drug specimens unless the laboratory is approved by the Substance Abuse and Mental Health Services Administration (SAMHSA) (a component of US Dept. of Health and Human Services) OR the College of American Pathologists; and the laboratory has written procedures to ensure the chain of custody; and the laboratory follows proper quality control procedures as outlined in O.C.G.A. §34-9-415(e)(1)(i) – (iv).

Name and Address of Confirming Laboratory:

Address*: _____

_____

_____

Phone Number: _____

Certification of Laboratory:
HHS O CAP O BOTH O
HHS = (laboratories approved by) Health and Human Services
CAP = (laboratories approved by) College of American Pathologists

3. **Employee Assistance Required for Certification:** (OCGA 34-9-416) See code section.

☐ ***Either** you have an Employee Assistance Program (EAP)
***OR** you maintain and post other means of employee assistance

4. **Employee Education Required for Certification:** (OCGA 34-9-417) See code section.

☐ **Hour one (1) of the Employee Education Program has been conducted for employees. THIS IS REQUIRED FOR EACH YEAR OF CERTIFICATION.**

AND (check one below)

O **Hour two (2) of the Employee Education Program has been conducted or will be conducted for employees. THIS IS REQUIRED FOR FIRST YEAR CERTIFICATION ONLY.**
Note: Second half of Employee Education Program may be completed within six (6) months after certification.

OR

O **Enter N/A if in 2nd and any consecutive subsequent years of certification.**

5. **Supervisor Training Required for Certification:** (OCGA 34-9-418) See code section.

☐ **Supervisor(s) participated in Employees Education Program as described in above section 4.**

AND (check one below)

☐ **During the first year, an employer must provide all supervisory personnel with a minimum of two (2) hours of supervisor training.** See code reference. Note: Second half of supervisor training program may be completed within six (6) months after certification.

OR

☐ **Employers who are in their 2nd or consecutive subsequent years of certification must provide all supervisory personnel with a minimum of one (1) hour in addition to training provided in section 4.**

6. **Confidentiality Required for Certification:** (OCGA 34-9-420) See code section.

☐ **All information received through substance abuse testing is confidential, but may be used or received in evidence, or obtained in discovery, or disclosed in any civil or administrative proceeding when the information is relevant to the employer's defense, e.g., a workers' compensation hearing.**

_____ _____

Employer Name **Please Print Name & Title of Officer/Owner**

_____ _____

Date **Officer/Owner Signature**

APPLICATION MUST BE NOTARIZED

_____

Notary Public
My Commission Expires:

_____

(Affix and Impress Notary Public Seal Here)

IMPORTANT NOTICE
GEORGIA INSOLVENCY POOL SURCHARGE

YOUR WORKERS' COMPENSATION POLICY INCLUDES THE STATE OF GEORGIA.

INSURERS DOING BUSINESS IN GEORGIA PARTICIPATE IN THE GEORGIA INSURERS INSOLVENCY POOL. IN THE EVENT AN INSURER FAILS, THE POOL SETTLES UNPAID CLAIMS ON BEHALF OF CONSUMERS. GEORGIA LAW REQUIRES INSURERS TO SURCHARGE POLICYHOLDERS TO RECOVER THE COSTS OF HANDLING THOSE CLAIMS.

THE GEORGIA INSOLVENCY POOL SURCHARGE ALONG WITH AN INDICATED DOLLAR AMOUNT IS DISPLAYED ON THE ENCLOSED INFORMATION PAGE.

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT YOUR SENTRY REPRESENTATIVE.

WC 80 10 0016 (ED. 01/07)

POLICYHOLDER DISCLOSURE
ILLINOIS INDUSTRIAL COMMISSION OPERATIONS FUND SURCHARGE

Illinois Public Act 93-32 established the Illinois Industrial Commission Operations Fund Surcharge. The Act provides that every insurance company authorized or licensed by the Illinois Insurance Department and insuring employer's liabilities arising under the Workers Compensation Act or the Workers' Occupational Disease Act must collect and remit a surcharge for insuring employers' liability under the Acts described above.

The surcharge is subject to periodic revision by the Illinois Industrial Commission.

Your policy has been surcharged as a result of Public Act 93-32. Please see your state Information Page for the amount attributable to your policy.

WC-80-12-0007 (Ed. 07 04)

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

POLICYHOLDER NOTICE - KENTUCKY

Your Workers' Compensation policy contains the state of Kentucky.

The Kentucky Assessment has been revised.

The Insurance Department requires that the revised factor be applied. We have adjusted your policy. The enclosed documents reflect the revision of your policy to apply the required factor.

If you have any questions regarding the change, you may contact your Sales Representative or Agent or call our Customer Service Unit.

WC 80 16 0005 01 15

NOTICE OF INSURED'S RIGHTS

If you are insured under a workers' compensation insurance policy and believe that the rates or the rating system have been incorrectly or improperly applied, you may request a review of the manner in which the rate or rating system has been applied. You must make your request in writing to the insurance company or advisory organization. The insurance company or advisory organization has thirty (30) days to grant or reject your request for a review and to notify you in writing whether your request has been granted or rejected. If your request is granted, the insurance company or advisory organization shall conduct the review within ninety (90) days of receiving your request. If your request is rejected or if you are dissatisfied with the results of the review, you may appeal to the commissioner for further review. You must make your appeal within (30) days of receipt of the rejection or of the results of the reveiw. Your appeal is to be sent to:

Legal and Enforcement Division
Department of Insurance
P.O. Box 517
Frankfort, KY 40602

Your request for an appeal should include a statement of the facts and how the rates or rating system were incorrectly or improperly applied. Also, enclose copies of the results of the review and any other correspondence from the insurance company or advisory organization. If your appeal shows good cause, the Commissioner shall hold a hearing. The commissioner may after the hearing issue a final order affirming, modifying, or reversing the action of the insurance company or advisory organization.

WC-80-16-0007 (05/97)

KENTUCKY - POLICYHOLDER NOTICE OF DEDUCTIBLE OPTION

Kentucky Statutes require each insurer issuing a Workers' Compensation Policy for a Kentucky insured to offer optional deductibles. The deductible choices are shown below.

If a deductible option is chosen, you will be liable for the amount of the deductible for benefits paid for <u>each</u> compensable claim of work injury suffered by an employee. We will pay all or part of the deductible amount, which ever is applicable to a compensable claim, to the person or provider entitled to the benefits under Workers Compensation Statutes and then seek reimbursement from you for the applicable deductible amount.

If you are interested in more information on deductibles or any other information regarding your policy please contact our representative or write our office. We sincerely appreciate your business and hope that our service will continue to receive your approval.

OPTIONAL DEDUCTIBLE AMOUNTS

$ 100
200
300
400
500
1,000
1,500
2,500
5,000
7,500
10,000

WC-80-16-0008 (Ed. 10-11)

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Kentucky
Drug-Free Workplace Credit Program

Employers maintaining a certified Drug-Free Workplace are eligible for a premium credit of five percent (5%). This credit is provided as an incentive to prevent and reduce losses that are a result of alcohol and drug related workplace accidents.

Qualifying employers must file an Application/Affidavit with the Kentucky Office of Workers' Claims:

Kentucky Office of Workers' Claims
Attn: Drug-Free Workplace Program
657 Chamberlin Avenue
Frankfort, KY 40601

The program must be cerfified annually.

Please contact the Kentucky Office of Workers' Claims for more information. The Office of Workers' Claims can be reached at 502-564-5550 or by visiting http:/www.labor.ky.gov/workersclaims.

WC 80 16 0011 02 09

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POLICYHOLDER NOTICE - MASSACHUSETTS

Your Workers' Compensation policy contains the state of Massachusetts.

The Massachusetts Assessment factor has been revised.

The Insurance Department requires that the revised factor be applied. We have adjusted your policy. The enclosed documents reflect the revision of your policy to apply the required factor. Please see Endorsement WC 20 03 02 for an explanation of the assessment charge.

If you have any questions regarding the change, you may contact your Sales Representative, Agent or call our Customer Service Unit.

WC-80-20-0007 (Ed. 07/97)

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MASSACHUSETTS BENEFITS DEDUCTIBLE PROGRAM

MASSACHUSETTS BENEFITS CLAIM AND AGGREGATE DEDUCTIBLE PROGRAM

Dear Policyholder:

Section 25A of Chapter 152 Massachusetts Workers' Compensation Law requires the Massachusetts Workers' Compensation Assigned Risk Pool and voluntary market insurers to offer to insureds with workers' compensation policies, which provide coverage in Massachusetts, a choice of medical and indemnity benefits deductibles.

In accordance with the statute, as amended, the Division of Insurance has approved two separate and distinct deductible programs, one without an aggregate limit, and one with an aggregate limit. An insured may select either program, or neither of them. The programs are not available for insureds with retrospectively rated policies.

The first program, Massachusetts Benefits Deductible Program, without an aggregate limit, which has been in effect since January 1, 1993, is intended for insureds who have the financial ability to handle some losses they incur. This program allows these insureds to establish an amount of loss they can absorb and purchase insurance only for losses above that predetermined deductible amount.

Under this program, medical and indemnity deductibles of $500, $1,000, $2,000 and $2,500 shall be offered to every employer. In addition, an insurer or the Pool, at its option, may offer to any employer providing collateral deemed adequate by such insurer, a medical and indemnity benefits deductible of $5,000.

The deductible shall apply separately to each claim for bodily injury by disease or accident. The insurer shall pay all benefits required under the provisions of M.G.L.c.152 directly to the appropriate party. Subsequent to insurer payment of any amount which falls within the deductible limit on any claim, the insurer may seek reimbursement from the policyholder. Failure to make complete reimbursement for deductibles within thirty days of receipt of bill from the insurer shall constitute non-payment of premium and be grounds for termination of the policy.

The entire cost of all claims shall be included in the experience data used to determine the experience modification of the insured regardless of the requirement that reimbursement must be made for the deductible amount on any claim.

If you wish to elect the Massachusetts Benefits Deductible Program, you must make your election before the effective date of your next policy.

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The second program, Massachusetts Benefits Claim and Aggregate Deductible Program, is intended for insureds who have the financial ability to handle some losses they incur, subject to an aggregate amount. This program will allow these insureds to elect an amount of loss per claim and an overall aggregate amount of all losses they can absorb and purchase insurance only for losses above those predetermined amounts. The amount of premium credit will vary by size of risk.

WC-80-20-0009 (01-97)

MASSACHUSETTS BENEFITS DEDUCTIBLE PROGRAM

MASSACHUSETTS BENEFITS CLAIM AND AGGREGATE DEDUCTIBLE PROGRAM - CONTINUED

A medical and indemnity claim deductible of $2,500 and aggregate deductible amount of $10,000 shall be offered to every employer with estimated annual standard premium, not in excess of $200,000. Every employer with estimated annual standard premium in excess of $200,000 shall be offered a medical and indemnity claim deductible of $2,500 and an aggregate deductible amount of 5% of estimated annual standard premium. The Aggregate Deductible amount and corresponding Premium Reduction Credit do not change according to the level of final premium calculated at time of audit. The $2,500 claim deductible amount shall apply separately to each claim for bodily injury by accident or disease, subject to the aggregate deductible amount. The insurer shall pay all benefits required under the provisions of law directly to the appropriate party. Subsequent to insurer payment of any amount which falls within the $2,500 deductible limit on any claim, the insurer shall seek reimbursement from the policyholder. The aggregate deductible amount is the most that the policyholder must reimburse the insurer for the sum of all medical and indemnity benefits compensable under law for each policy period. Failure to make complete reimbursement for deductibles within thirty days of receipt of a bill from the insurer shall constitute non-payment of premium and be grounds for termination of the policy.

The entire cost of all claims shall be included in the experience data used to determine the experience modification of the insured regardless of the requirement that reimbursement must be made for the deductible amount on any claim.

If you wish to elect the Massachusetts Benefits Claim and Aggregate Deductible Program, and the effective date of your next policy is on or after January 1, 1997, you must make your election before the effective date of your policy.

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Please contact your agent or insurance company representative promptly for additional information, including the premium credit amounts which apply under these programs.

WC-80-20-0009 (01-97)

NOTICE TO MINNESOTA WORKERS' COMPENSATION POLICYHOLDERS

The Minnesota Workers' Compensation Act requires that any insurance company desiring to write workers' compensation insurance in Minnesota shall maintain or provide accident prevention facilities and services as a prerequisite to writing such insurance.

We employ qualified personnel performing the duties of field safety representative in the State of Minnesota in order to provide safety information or assistance to our Minnesota policyholders. These services include, but are not limited to:

1. Surveys of buildings and operations for hazardous conditions.
2. Consultation to aid in the solution of accident prevention, industrial hygiene and industrial health problems.
3. Analysis of loss data to identify and evaluate actual or potential exposures which can result in employee injuries.
4. Assistance in training supervisors, foremen and employees with regard to accident control principles and techniques.
5. Provide information on safety standards, codes, regulations, safety equipment and technical data.
6. Assist in the evaluation of existing accident control program or development of an accident control program to fit the insured's need; and
7. Provide visual aids to supplement the insured's accident control program.

For further information or assistance, contact the Safety Services Department at 1-800-443-9655.

WC-80-22-0004 (06/00)

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SENTRY COMPANIES WORKERS' COMPENSATION DEDUCTIBLE PLAN GUIDELINES

As required by Minnesota statute **79.081**, we are required to notify you that we must make available to an employer, UPON REQUEST, the option to agree to pay an amount per claim selected by the employer and specified in the policy toward the total of any claim payable under Chapter **176**. The amount of premium to be paid by the employer who selects a policy with a deductible shall be reduced based upon a rating plan filed and approved by the Commissioner of Commerce. Administration of claims shall remain with the insurer in the terms and conditions of the policy.

1. **AVAILABLITY**

   All deductible plan applicants must submit an application for coverage or already have coverage with A Member of the Sentry Insurance Group to be eligible.

2. **SELECTION OF DEDUCTIBLE LIMITS**

   Each applicant must select a claim deductible amount. The amount a policyholder may be required to pay in a policy period is limited to the Company retention limit with the Workers' Compensation Reinsurance Association (WCRA). Deductible credits applied to the estimated standard premium. Contact your Underwriter for available deductible amounts.

3. **UNDERWRITING CRITERIA**

   Each applicant must demonstrate adequate financial stability to be responsible for the payment of deductible amounts. In determining whether an applicant is financially stable, the Company will consider such things as the applicant's credit history; current ratio; its long-term and short-term debt to equity ratios; its net worth; financial characteristics of the particular industry in which the applicant is involved; any recent changes in the management and ownership; any other financial data submitted to the Company by the applicant; and the applicant's workers' compensation experience for the last three years.

   Additional financial information as requested.

4. **CANCELLATION**

   Claims that are subject to a policyholder's deductible shall be handled in the same manner as all other claims. The Company will pay the claims that are subject to the deductible and bill the policyholder for the deductible portion. The policyholder must reimburse the Company promptly these charges or the policy will be cancelled for nonpayment.

5. **DUTY TO REPORT ALL CLAIMS**

   The existence of a deductible does not change the policyholder's obligation to report all claims to the Company. Claims that are subject to the deductible will be handled in the same manner as all other claims and must be reported in accordance with the regular terms of the policy.

6. **EXPERIENCE MODIFICATION**

   The deductible has no beneficial impact on the experience modification calculation. Claims will not be reduced by the amount of the deductibles incurred.

MINNESOTA
ALCOHOL AND DRUG-FREE WORKPLACE CREDIT PROGRAM

Employers maintaining an Alcohol and Drug-Free Workplace are eligible for a premium credit of five percent (5%). This credit is provided as an incentive to prevent and reduce losses that are a result of alcohol and drug related workplace accidents.

Qualifying employers must complete the Minnesota Application for Drug Free Workplace Premium Credit Program (WC 80 22 0012) and submit the form to the insurer.

The employer must certify the program by completing an application each year.

WC 80 22 0011 (Ed. 04-09)

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NOTICE TO MISSISSIPPI WORKERS COMPENSATION POLICYHOLDERS

The Mississippi Workers' Compensation Act requires that any insurance company desiring to write workers' compensation insurance in Mississippi shall maintain or provide accident prevention facilities and services as a prerequisite to writing such insurance.

Sentry is able to assist our policyholders in their implementation and continued development of an effective safety program for the health and benefit of their employees and continued business operation. We want to inform you of the following safety program provisions:

A. Sentry will provide upon request an on site consultation by a qualified safety professional to evaluate your safety program needs. Also, educational material is available from our web site described below to assist you in the implementation of a safety program.

B. Mississippi Code Ann. 71-3-1 provides for employees rights to include but not limited to: Medical Benefits, Wage Loss Benefits, Death Benefits, Payment Structure and Coverage Period. For a full description of employee rights and Mississippi Workers' Compensation Commission rules, consult the Mississippi Workers' Compensation Commission website at www.mwcc.state.ms.us or contact them directly at Mississippi Workers' Compensation Commission 1428 Lakeland Drive/PO Box 5300 Jackson, MS 39296-5300, Phone 601-987-4200.

C. In compliance with Mississippi Code Ann. 71-7-1 and the Mississippi State Board of Health, Sentry has information available to implement and maintain a written policy for drug and alcohol testing in the workplace. This information can be accessed through our educational web site described below. The election of a public or private employer to conduct drug and alcohol testing is voluntary.

Sentry provides online safety and health information through our portal SENTRY @ YOUR SERVICE at our website www.sentry.com. This online information includes:

- Information on drug and alcohol testing of employees and job applicants.
- Industry specific solutions to common exposures.
- Weekly safety training topics.
- Disaster warning and updates.
- Access to printed safety material on specific hazard topics.

SENTRY @ YOUR SERVICE can be accessed by:

1. Logging on to https://atyourservice.sentry.com
2. Enter your account name and number.
3. Indicate you agree with the site's terms and conditions.

For further information or assistance, contact our Safety Services Department at 1-800-443-9655 or email address sentryse@sentry.com.

WC-80-23-0002 (08/11)

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MISSISSIPPI DRUG-FREE WORKPLACE CREDIT PROGRAM

Employers maintaining a Drug-Free Workplace are eligible for a premium credit of five percent (5%). This credit is provided as an incentive to prevent and reduce losses that are a result of drug related workplace accidents.

Qualifying employers must complete the Application for Drug-Free Workplace Premium Credit-Workers Compensation-Mississippi (WC-80-23-0004) and submit the form to the insurer.

The employer must certify the program by completing an application each year.

Application for Drug-Free Workplace Premium Credit
Workers' Compensation - Mississippi

Note: The following items must be included as a part of an employer's established drug-free workplace policy and procedures (Mississippi Code, Sections 71-3-201 through 71-3-225). Please complete all items before submission to your Workers' Compensation carrier.

Workers' Compensation Carrier/Policy # 90-16567-04 00 151

Date this Drug-Free Workplace Program was implemented _____/_____/_____

Written Drug-Free Workplace Policies and Procedures

Testing procedures must include:

_____ Pre-employment

_____ Post accident

_____ Reasonable cause

_____ Random

_____ Return to duty

_____ List of drugs sought in a test

Education and Employee Assistance

_____ Initial / annual employee education completed. Date of completion _____/_____/_____

_____ Initial / annual supervisor education completed. Date of completion _____/_____/_____

_____ This company provides an Employee Assistance Program (EAP), or

_____ This company maintains a resource list of providers of Employee Assistance.

Required Agreements

_____ Recognized Drug-Free Workplace administration firm. Date of agreement _____/_____/_____

Name of firm _____

_____ Testing provider. Date of agreement _____/_____/_____

Name of provider _____

_____ SAMHSA Laboratory for positive test confirmation. Date of agreement _____/_____/_____

Name of Lab _____

The insured's workers' compensation policy shall be subject to an additional premium for the purposes of reimbursement of a previously granted premium discount if it is determined that such insured misrepresented the compliance of its drug-free workplace program with the provisions of the Drug-Free Workplace Workers' Compensation Premium Reduction Act, Mississippi Code, Sections 71-3-201 through 71-3-225.

The under-signed certifies that the information contained herein is a true and factual depiction of this employer's current program.

Employer Name KAPSTONE PAPER AND PACKAGING Date _____

Type or print name of officer/owner _____ Title _____

Signature of officer/owner _____

MISSOURI IMPORTANT NOTICE - DEDUCTIBLE OPTION

NOTICE: THIS WORKERS' COMPENSATION POLICY CONTAINS A DEDUCTIBLE OPTION, UNDER WHICH YOU, THE EMPLOYER, ARE REQUIRED TO REIMBURSE CERTAIN LOSSES. PLEASE READ THIS POLICY CAREFULLY AND UNDERSTAND ITS CONDITIONS THOROUGHLY PRIOR TO PURCHASING COVERAGE.

WC-80-24-0004.10-10

NOTICE TO MISSOURI WORKERS' COMPENSATION POLICYHOLDERS

The Missouri Workers' Compensation Act, requires that any insurance company desiring to write workers' compensation insurance in Missouri maintain or provide accident prevention facilities and services.

We employ qualified personnel to perform the duties of field safety representative in the State of Missouri in order to provide safety information or assistance to our Missouri policyholders. These services include, but are not limited to:

1. Surveys of buildings and operations for hazardous conditions.
2. Consultation to aid in the solution of accident prevention, industrial hygiene and industrial health problems.
3. Analysis of loss data to identify and evaluate actual or potential exposures which can result in employee injuries.
4. Assistance in training supervisors and employees with regard to accident control principles and techniques.
5. Provide information on safety standards, codes, regulations, safety equipment and technical data.
6. Assist in the evaluation of existing accident control program or development of an accident control programs to fit the insured's need; and
7. Provide visual aids to supplement the insured's accident control program.

For further information or assistance, contact the Sentry Safety Services Department at 1-800-443-9655.

NOTE: In addition to the above services, Sentry offers internet based safety training for supervisors and employees at a greatly reduced cost. To learn more, go to www.sentrysafetytrainer.com.

Notice: The Missouri Division of Workers' Compensation offers free safety services to Missouri employers through its Missouri Workers' Safety Program (MWSP). MWSP's main goal is to help employers control workers' compensation costs. The Division also certifies Missouri insurance carriers' safety engineering and management programs that are available to insured's upon request. Employers may contact MWSP at 1 (800) 775-COMP or 573/526-3504, email MOWSP@dolir.mo.gov for more information about workplace safety or for a registry of safety consultants and safety engineers who are certified by the Division.

WC 80 24 0006 (Ed.03 03)

POLICYHOLDER NOTICE
MISSOURI ADMINISTRATIVE SURCHARGE ON DEDUCTIBLE POLICIES

Missouri Senate Bill 385 require that workers' compensation policies with deductible options have a surcharge placed upon the policyholder of such policy on the premium that would have been charged absent the deductible option.

Insurance Carriers are required to collect the surcharge and remit the monies to the Missouri Department of Revenue. The surcharge will be displayed on the Worker's Compensation Missouri State page.

The surcharge is subject to periodic revision by the Missouri Department of Revenue.

Your policy has been surcharged as a result of Senate Bill 385. Please see your state Information Page for the amount attributable to your policy.

WC-80-24-0016 (Ed. 03 04)

POLICYHOLDER NOTICE

MISSOURI SECOND INJURY FUND SURCHARGE AND
MISSOURI SECOND INJURY FUND SUPPLEMENTAL SURCHARGE

Section 287.715 RSMO. requires Workers' Compensation policies have a surcharge placed on Workers' Compensation premium for the Missouri Second Injury Fund and the Missouri Second Injury Fund Supplemental. Insurance Carriers are required to collect the surcharges and remit the monies to the Department of Labor and Industrial Relations - Missouri Division of Workers' Compensation. The surcharges are displayed on the Workers' Compensation Missouri state page and are subject to periodic revision by the Missouri Division of Workers' Compensation.

Your policy has been surcharged as a result of section 287.715 RSMO. Please see your state information page for the amount attributable to your policy.

WC-80-24-0018 (Ed. 01-14)

POLICYHOLDER NOTICE - NEW YORK

Your Workers' Compensation policy contains the state of New York.

Effective 1-1-2015 and later the State Assessment has been revised.

The Insurance Department requires that the revised factor be applied. We have adjusted your policy. The enclosed documents reflect the revision of your policy to apply the required factor.

If you have any questions regarding the change, you may contact your Sales Representative or Agent or call our Customer Service Unit.

WC-80-31-0016 (Ed. 01-15)

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NEW YORK - POLICYHOLDER NOTICE OF DEDUCTIBLE OPTION

The New York Insurance Department approved a small Deductible Program. It requires each insurer issuing a Workers' Compensation Policy for a New York Insured to offer optional deductibles. The deductible choices are shown below.

If a deductible option is chosen, you will be liable for the amount of the deductible for benefits paid for <u>each</u> compensable claim of work injury suffered by an employee. We will pay all or part of the deductible amount, which ever is applicable to a compensable claim, to the person or provider entitled to the benefits under Workers Compensation Statutes and then seek reimbursement from you for the applicable deductible amount.

If you are interested in more information on deductibles or any other information regarding your policy please contact our representative or write our office. We sincerely appreciate your business and hope that our service will continue to receive your approval.

OPTIONAL DEDUCTIBLE AMOUNTS

$ 100
200
300
400
500
1,000
1,500
2,000
2,500
5,000

WC-80-31-0018 (Ed. 10-01)

POLICYHOLDER NOTICE - NEW YORK

Your Workers' Compensation policy contains the state of New York.

Companies writing workers compensation insurance business in New York are required to participate in the New York Workers' Compensation Security Fund. If a company becomes insolvent, the security fund settles unpaid claims and assesses each insurance company for its fair share.

New York law requires all companies to surcharge policies to recover these assessments. If your policy is surcharged "NY Security Fund Surcharge", an amount will be displayed on your premium notice.

If you have any questions regarding this surcharge, you may contact your Sales Representative or Agent or call our Customer Service Unit.

WC-80-31-0023 (Ed. 10/05)

NY WORKERS' COMPENSATION NOTICE OF LARGE DEDUCTIBLE

New York law allows carriers to offer Workers' Compensation policies with Large Deductible options.

If you choose a Large Deductible policy option, we will administer and pay all claims and you will reimburse us for payments we make within the amount of the deductible selected. Failure to reimburse us for such deductible amounts can result in cancellation of coverage.

You may chose a Large Deductible option <u>including Allocated Loss Adjustment Expenses</u>. If you chose that option, we want to make you aware that you are responsible for reimbursement of Allocated Loss Adjustment Expenses related to Workers' Compensation Large Deductible losses, <u>in addition</u> to your selected deductible amount.

WC-80-31-0028 (Ed. 01-09)

NOTICE - NEW YORK
WORKPLACE SAFETY LOSS PREVENTION INCENTIVE PROGRAM (WSLPIP)

The WSLPIP is administered by the New York State Department of Labor and it grants premium credits to an insured employer who implements and maintain one or more of the following programs:

- Safety Incentive Program
- Drug and Alcohol Prevention Program
- Employer Return-to-Work Program

The employer must re-certify the program each year.

For more information, contact:

Attention: Program Manager
New York State Department of Labor
Workplace Safety and Loss Prevention Program
State Office Campus, Building 12, Room 167
Albany, NY 12240

(518)457-1638 Phone
(518)457-1167 Fax

By E-mail: WSLPIP@labor.ny.gov

WC-80-31-0029 (Ed. 07-11)

POLICYHOLDER NOTICE - OREGON

Your Workers' Compensation policy contains the state of Oregon.

Effective 1-1-12 and later the State Assessment has been revised.

The Insurance Department requires that the revised factor be applied. We have adjusted your policy. The enclosed documents reflect the revision of your policy to apply the required factor.

If you have any questions regarding the change, you may contact your Sales Representative or Agent or call our Customer Service Unit.

WC-80-36-0010 (Ed. 01/12)

EMPLOYER ELECTION FORM
EMPLOYER-PAID MEDICAL REIMBURSEMENT CLAIMS COSTS

An employer has the right to reimburse insurer-paid medical service costs up to the maximum amount set by the director of the Oregon Workers' Compensation Division. The current maximum reimbursement amount is $1,900 per non-disabling claim. The reimbursement amount is based on the date of injury, regardless of the effective date of the policy.

The employer may participate later in the policy period upon written request to the insurer, however, the earliest reimbursement period shall be the first completed period, established in (a) below, following receipt of the employer's request:

If the employer wishes to participate in this program, the procedure for reimbursement shall be:

(a) Within 30 days following each three month period after policy inception or within 30 days following each three months period after policy inception or a period mutually agreed upon by the employer and insurer, the insurer must provide the employer with a list of all accepted non-disabling claims for which payments were made during that period and the respective cost of each claim.

(b) The employer, no later than 30 days after receipt of the list, must identify those claims and the dollar amount the employer wishes to pay for that period and reimburse the insurer accordingly.

(c) Failure by the employer to reimburse the insurer within the 30 days allowed shall be deemed notice to the insurer that the employer does not wish to make a reimbursement for that period.

(d) The employer and insurer may, by written agreement, establish a period in excess of thirty (30) days for the employer to reimburse the insurer.

(e) The insurer shall continue to bill the employer for any payments made on the claims within 27 months of the inception of the policy period. Any further billing and reimbursement will be made only by mutual agreement between the employer and the insurer.

The insurer must exclude the reimbursed costs from the employer's experience rating. For employers on retrospective rated plans, medical costs paid by the employer on non-disabling claims must be included in the retrospective premium calculation, but the amount paid by the employer shall be applied as credits against the resulting retrospective premium.

The employer's written election to participate in the reimbursement program remains in effect, without further notice from the insurer, until the employer advises otherwise in writing or is no longer insured by the insurer.

WC80360012 01 15

EMPLOYER ELECTION FORM
EMPLOYER-PAID MEDICAL REIMBURSEMENT CLAIMS COSTS - CONTINUED

The employer is choosing not to participate in the reimbursement program if the employer does not respond in writing within 30 days of receipt of this notice.

KAPSTONE PAPER AND PACKAGING	90-16567-04 00 151
Named Insured	Policy Number

Signature	Date

WC80360012 01 15

NOTICE TO OREGON WORKERS' COMPENSATION POLICYHOLDERS

The Oregon Safe Employment Act (ORS 654.001 to 654.295 and 654.991) requires employers in the state to provide a safe and healthful workplace.

As part of Sentry's insurance program, Loss Control information and services are offered at no additional cost to you. These services include:

a) Evaluation of your loss prevention needs;

b) Assistance in evaluating records that may be pertinet to your firm's illness and injury experience;

c) An explanation to you of the Oregon Safe Employment Act and rules that apply to your particular place of employment:

d) Providing partial or complete on-site health and safety surveys which identify all reasonably discoverable occupational safety and health hazards within the scope of the survey scheduled;

e) Assistance with industrial hygiene and safety evaluations to detect physical and chemical hazards of the workplace, and implementation of engineering or administrative controls;

f) Assistance with evaluating, obtaining and maintaining personal protective equipment;

g) Assistance in evaluation of work practices, work design, and assistance with job site modifications;

h) Assistance in evaluating and improving an employer's safety management practices;

i) Assistance in identifying health and safety training needs and available resources; and

j) Follow-up services as necessary.

You have the right to make a complaint to the Oregon Accident Prevention Division of the Department of Insurance and Finance if Sentry Insurance or its subsidiaries as your Workers' Compensation insurer, fails to respond to your request for loss prevention servises.

If you have an immediate need for any of these services, please write, fax, or call:

David R Gibson, CSP, ARM
Sentry Insurance
1800 North Point Drive
Stevens Point, WI 54481
800-443-9655 Extension 6063
Fax: 715-346-8015

NOTE: In addition to the above services, Sentry offers internet based safety training for supervisors and employees at a greatly reduced cost. To learn more, go to www.sentrysafetytrainer.com.

Safety Sciences Department
SENTRY INSURANCE

WC80360013 03 14

Pennsylvania Important Notice - Accident Prevention Services

We are required by 34 Pa. Code § 129.102 to provide our policyholders with accident and illness prevention services. If you would like more information, call 1-800-443-9655. The Pennsylvania Workers' Compensation Act provides an option for you to apply for a 5% premium discount if you form a certified workplace safety committee. Please contact your Sentry Representative for more information.

WC-80-37-0007 10-10

PENNSYLVANIA - POLICYHOLDER NOTICE OF DEDUCTIBLE OPTION

The Pennsylvania Legislature passed Act 44 of 1993. This bill requires each insurer issuing a Workers' Compensation Policy for a Pennsylvania insured to offer optional deductibles. The deductible choices are shown below.

If a deductible option is chosen, you will be liable for the amount of the deductible for benefits paid for each compensable claim of work injury suffered by an employee. We will pay all or part of the deductible amount, which ever is applicable to a compensable claim, to the person or provider entitled to the benefits under Workers Compensation Statutes and then seek reimbursement from you for the applicable deductible amount.

If you are interested in more information on deductibles or any other information regarding your policy please contact our representative or write our office. We sincerely appreciate your business and hope that our service will continue to receive your approval.

OPTIONAL DEDUCTIBLE AMOUNTS

$ 1,000
5,000
10,000

Pennsylvania
Workplace Safety Committee Certification Program

Employers that establish a safety committee that has been approved by the Department of Labor and Industry are eligible for a 5% premium reduction.

The basic safety committee requirements are as follows:

- Committees must have a minimum of 2 employer and 2 employee representatives, meet monthly and be in operation for at least 6 full months.
- All committee members must be trained by qualified trainers in safety committee operation, hazard inspection and accident investigation.
- Committee meeting agendas, attendance lists and meeting minutes must be kept.

The program must be submitted and certified by the:

Health & Safety Division
Bureau of Workers' Compensation.
Certification Section
1171 S. Cameron Street
Harrisburg, PA 17104

Premium reductions apply for a one year period beginning the first policy effective after receipt of certification. The employer must annually renew the certification of an employers' workplace safety committee provide their insurer with proper documentation.

For information about the Safety Committee Certification process and requirements, please contact 717-772-1635 or visit:
http://www.dli.state.pa.us and click on the link for the PA Workplace Safety Committee Certification Program.

WC 80 37 0010 1008

SOUTH CAROLINA - POLICYHOLDER NOTICE OF DEDUCTIBLE OPTION

The South Carolina Legislature enacted Section 9 House Bill 3838. This bill requires each insurer issuing a Workers' Compensation Policy for a South Carolina insured to offer optional deductibles. The deductible choices are shown below.

If a deductible option is chosen, you will be liable for the amount of the deductible for benefits paid for each compensable claim of work injury suffered by an employee. We will pay all or part of the deductible amount, whichever is applicable to a compensable claim, to the person or provider entitled to the benefits under Workers Compensation Statutes and then seek reimbursement from you for the applicable deductible amount.

If you are interested in more information on deductibles or any other information regarding your policy please contact our representative or write our office. We sincerely appreciate your business and hope that our service will continue to receive your approval.

OPTIONAL DEDUCTIBLE AMOUNTS

$ 100
200
300
400
500
1,000
1,500
2,000
2,500

APPLICATION FOR DRUG- AND ALCOHOL-FREE WORKPLACE PREMIUM CREDIT PROGRAM

Name of Employer: KAPSTONE PAPER AND PACKAGING CORPORATION

Date Program Implemented: _____

This form must be completed by you and returned to your carrier with a copy of applicable documentation as proof of compliance before the premium credit of 5% can be established and processed. *A program must be certified during each year the employer receives credit.* Failure to do so will remove you from eligibility for this credit.

Following are the four minimum requirements necessary for a qualified employer workplace program. Please check the items below that apply.

☐ **1. Substance Abuse Policy Statement:**

By law, any policy must be designed to help employees who need substance abuse assistance while, at the same time, sending a clear message that the abuse of drugs and alcohol is not compatible with employment in that employer's workplace. The policy statement must evidence both the employer's respect for its employees and the employer's need to maintain a safe, productive, substance abuse-free environment.

☐ **2. Employee Notification:**

In order to protect the individual rights of each employee and to begin the employee education process necessary for a well-defined, well-managed workplace drug and alcohol abuse prevention program, each existing employee and each new employee hired after program implementation must be given a clear, concise, readable notice of the program, the program's requirements, the policy statement, and the employer's expectations under the program. Notification should be, and should remain, posted in employee common areas. In addition, each existing employee and each new employee must be given, by mail or by in-person delivery, a copy of the notice. Delivery may be accomplished by inclusion of the notice within the employee's paycheck package or any similarly important-to-the-employee correspondence or benefits delivery.

☐ **3. Testing Procedure:**

The testing procedure must include a provision for random sampling of all persons who receive wages and compensation in any form from the employer. If a second test is administered, the testing procedure may allow for a single sample to be split for use in the first and second tests. Positive test results must be provided in writing to the employee within 24 hours of the time the employer receives the test results. Each employer must keep records of each test for up to one year.

☐ **4. Test Results Confidentiality Protocols:**

Test results, information, interviews, reports, statements, and memorandums received by the employer must be considered confidential but may be used or received in evidence, obtained in discovery, or disclosed in any civil or administrative proceeding. The burden to protect against unauthorized release is placed not only upon the employer and any laboratory, medical review officer, or rehabilitation program or their agents, but also upon the underwriting carrier. Employers; laboratories, medical review officers, carriers, drug or alcohol rehabilitation programs; and employer drug prevention programs, and their agents who receive or have access to information concerning test results; must keep all information confidential. Release of such information under any other circumstance shall be solely pursuant to a written consent form signed voluntarily by the employee tested or their designee unless the release is completed through disclosure by an agency of the State in a civil or administrative proceeding, an order of a court of competent jurisdiction, or the determination of a professional or occupational licensing board in a related disciplinary proceeding. The consent form must contain, at a minimum:

(1) The name of the person who is authorized to obtain the information;
(2) The purpose of the disclosure;
(3) The precise information to be disclosed;
(4) The duration of the consent; and
(5) The signature of a person authorizing release of the information.

Information on test results shall not be released for or used or admissible in any criminal proceeding against the employee.

I certify that the above information is accurate. If it is determined that there is any misrepresentation of the established drug- and alcohol-free workplace premium credit program requirements, I may be subject to an additional premium charge. This is a true and factual depiction of my current program.

Employer Name	Date	Signature[1]
		Title
Notary Public's Signature	Date	Exp. of Commission

[1] Application must be signed by an officer, partner, sole proprietor, LLC member, or owner

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TENNESSEE - DRUG-FREE WORKPLACE

Employers that establish and maintain a certified Drug-Free Workplace Program are eligible for a premium credit of five percent (5%). This credit is provided as an incentive to prevent and reduce losses that are a result of drug-related workplace accidents.

The rules, guidelines, and application forms regarding participation and certification can be obtained by calling or writing to:

Tennessee Department of Labor
Division of Workers' Compensation
Drug-Free Workplace Program
710 James Robertson Parkway
Nashville, TN 37243-0661
1-800-332-2667

The information is also available on-line:
http://www.state.tn.us/labor-wfd/dfwp.html

WC-80-41-0006 (06-08)

NOTICE TO TEXAS WORKERS' COMPENSATION POLICYHOLDERS

The Texas Workers' Compensation Act, Texas Labor Code, Section 411.066, requires that any insurance company desiring to write workers' compensation insurance in Texas shall maintain or provide accident prevention facilities and services as a prerequisite to writing such insurance. Accident prevention services are provided at no additional charge.

We also provide at no additional charge, return-to-work coordination services as required by Texas Labor Code §413.021. If you want more information or assistance, call our Claims Dept. at 1-800-739-3344.

We employ qualified personnel performing the duties of field safety representatives in the State of Texas in order to provide safety information or assistance to our Texas policyholders. These services include, but are not limited to:

1. Surveys of buildings and operations for hazardous conditions.
2. Consultation to aid in the solution of accident prevention, industrial hygiene and industrial health problems.
3. Analysis of loss data to identify and evaluate actual or potential exposures which can result in employee injuries.
4. Assistance in training supervisors, foreman and employees with regard to accident control principles and techniques.
5. Provide information on safety standards, codes, regulations, safety equipment and technical data.
6. Assist in the evaluation of existing accident control program or development of an accident control program to fit the insured's need; and
7. Provide visual aids to supplement the insured's accident control program.
8. Sentry provides online safety information through our portal Sentry @ Your Service at out web site www.sentry.com. This online information includes:

   - Industry specific solutions to common exposures.
   - On line safety training.
   - Weekly safety training topics.
   - Disaster warning and updates.
   - Access to printed safety material on specific hazard topics.

   Using Sentry @ Your Service can be accessed by:

   1. Log in to https://atyourservice.senty.com
   2. Enter your account name and number
   3. Indicate you agree with the site's terms and conditions

For further information or assistance, contact the Safety Services Department at 1-800-443-9655.

WC-80-42 0019 (0708)

KAP 90-16567-04 00 151
07-09-15
PAGE 001

Drug Free Workplace Certification Checklist

Please be advised that as a result of Virginia HB 2673 employers who establish a certified drug free workplace program are eligible for a premium credit of five percent (5%). This credit is provided as an incentive to prevent and reduce losses that are a result of alcohol and drug-related workplace accidents.

This form must be completed by you and returned to the carrier with the appropriate documentation before your premium credit can be established and processed. A program must be certified during each year the employer receives the credit. Failure to do so will remove you from eligibility for this credit.

Please check the items below that apply. A copy of applicable documentation as proof of compliance must be attached for each item below.

( ) A previously certified drug free workplace program for which credit was received (Copy of applicable documentation, carrier name, and year of initial certification must accompany this form) Years you have received the credit are _____.
( ) A documented substance abuse policy or guidelines (Copy of applicable policy or guidelines must accompany this form)
( ) Employee and supervisor education and training: An education or training program regarding the established substance abuse policy and guidelines, the effects and dangers of substance abuse, and the available resources for counseling and treatment in the community.
( ) Periodic re-education and re-training: A scheduled program to reinforce the Drug Free Workplace Program.
( ) Employee Assistance Program (EAP): Employees have access to an EAP or a resource file of community prevention, intervention, and treatment programs through which employees can seek help on a voluntary, confidential basis.
( ) Drug Testing: An established drug testing program. The following information must be provided:

Name of Certified Drug Testing Laboratory: _____

Point of Contact and phone for above: POC _____ PHONE _____

Type(s) of testing conducted (Check ALL that apply):

( ) Applicant (Pre-Employment)
( ) Post Accident
( ) Follow-up (Rehabilitation)
( ) Reasonable Suspicion
( ) Random
( ) Other: _____

I certify that the above information is accurate and that I may be subject to an additional premium charge if it is determined that there is any misrepresentation of the established drug free workplace program criteria.

Company Name: _____

Company Representative: _____ Title: _____

Signature: _____ Date: _____

IMPORTANT INFORMATION REGARDING YOUR INSURANCE

In the event you need to contact someone about this insurance for any reason please contact your agent. If no agent was involved in the sale of this insurance or if you have additional questions, you may contact the insurance company issuing this insurance at the address and telephone number listed on your policy declarations.

If you have been unable to contact or obtain satisfaction from the company or the agent, you may contact the Virginia State Corporation Commission's Bureau of Insurance at:

P.O. Box 1157
Richmond, VA 23218
1-800-552-7945 (In state calls only)
(804) 371-9741 (Out of State calls)

Written correspondence is preferable so that a record of your inquiry is maintained. When contacting your agent, company or the Bureau of Insurance, have your policy number available.

WC80450008 (ED. 03/14)

POLICYHOLDER NOTICE
NEW YORK OUT-OF-STATE EMPLOYERS

The New York Workers Compensation Board enforces New York Workers' Compensation Law (WCL) verifying that employers maintain proper New York Workers' Compensation Coverage.

The New York Compensation Board issued a policy statement on their website to address out-of-state employers. The policy states that employers meeting any of the following criteria will be required to maintain New York WC coverage (New York must be listed in ITEM 3A of the Policy Information Page):

- The employer (as defined in the WCL) is required to register with the NYS Department of Labor and pay Unemployment Insurance for any period in question.
- The employer has a permanent physical location in New York or has employees whose primary work location is in New York.
- The employer is operating in New York under a permit, contract, or license granted by the State of New York, its counties or any municipality as defined under Subsection 57 of the Workers' Compensation Law.
- The employer is working as a contractor/general contractor/subcontractor on a construction project in New York.
- In the previous year, the employer had employees physically in New York for at least 40 hours of every week for a period of longer than 2 consecutive weeks or had employees present in New York for 25 or more individual days (e.g. - 5 employees working for 5 days in New York equals 25 individual employee days). Employees traveling through the state of New York not stopping for deliveries, pick-ups, or other work are not deemed to have worked in New York. An employer that has reason to know that it will meet these criteria in the current year, even if it has not done so in the prior year, must obtain the required coverage.

Out-of-state employers that are sending employees into New York that are only attending infrequent (not more than one per month) meetings, seminars, conferences or conventions in New York will not be required to provide full statutory coverage.

Failure to provide required New York coverage may result in fines and penalties.

Additional information may be obtained on the Board's website: http://www.wcb.ny.gov.

Please contact your Sentry Representative to add New York to your Workers' Compensation policy if you anticipate meeting any of the above criteria or if you have questions.

WC-80-99-0005 0412

IMPORTANT NOTICE
FAMILY VIOLENCE - GEORGIA

The laws of the State of Georgia prohibit insurers from unfairly discriminating against any person based upon his or her status as a victim of family violence.

80-18 (0900)

CALIFORNIA WORKERS' COMPENSATION INSURANCE

POLICYHOLDER DIVIDEND DISCLOSURE STATEMENT

Employer/Insured: KAPSTONE PAPER AND PACKAGING CORPORATION

Policy Number: 90-16567-04 00 151

Insurer: SENTRY CASUALTY COMPANY

Policy Effective Date: 07-01-15 Producer: MARSH USA INC

Estimated Annual Premium: $54,838.00

Date: 07-09-15

Estimated Dividend Plan Premium: $ Not Applicable

Term of Dividend Plan: No Dividend Plan Applicable

Workers' compensation insurers are authorized to issue participating policies. A dividend (refund) under such a policy can only be paid from surplus accumulated from premiums on workers' compensation policies issued pursuant to the laws of California.

Under California law it is unlawful for an insurer to promise the future payment of dividends under an unexpired workers' compensation policy or to misrepresent the conditions for dividend payment. Dividends are payable only pursuant to conditions determined by the Board of Directors or other governing board of the Company following policy expiration.

It is a misdemeanor for any insurer or officer or agent thereof, or any insurance broker or solicitor, to promise the payment of future workers' compensation dividends. Past dividend performance is no guarantee of an insurer's future dividend performance.

PART I: HISTORICAL DISCLOSURE

This dividend statement is based on the most recent dividend declaration by our Board of Directors for policyholders with characteristics similar to yours. This declaration applied to policies whose term of coverage terminated during the most recent declaration period prior to 07-09-15.

The dividend formula was:

Dividend = None

PREMIUM

"Premium" means the sum derived from the application of California workers' compensation rates to the remuneration of employees or other

WC 99 04 14 (Ed. 05 00)

CALIFORNIA WORKERS' COMPENSATION INSURANCE

POLICYHOLDER DIVIDEND DISCLOSURE STATEMENT - CONTINUED

unit of exposure after application of any duly authorized experience modification. Premium was not otherwise modified except as follows:

Not Applicable

LOSSES

"Losses" means only the case incurred losses on all claims reported under the policy including both paid losses and reserves for the unpaid portion of such claims. No IBNR (Incurred But Not Reported), LDF (Loss Development Factor), LCF (Loss Conversion Factor) or any other factors, charges or provisions were utilized in the determination of losses for dividend purposes, except as follows:

Not Applicable

LOSS RATIO

The loss ratio is calculated by dividing losses by premium.

DIVIDEND PERCENTAGE

The "dividend percentage" means that portion of the premium returned to you by us.

The applicable percentage for policyholders with characteristics similar to yours was 0.0%.

DIVIDEND DETERMINATION AND TIMING

The number of policy years' experience used in our plan(s) and our practice concerning loss valuation date(s), dividend calculation date(s), payment schedule and, if applicable, recapture provision, recalculation schedule, forfeiture, reduction or deferral was as follows:

Not Applicable

No other factors, considerations or practices were used, other than those described above.

PART II: PROPOSAL DISCLOSURE

The provisions, factors and arrangements which are expected to be used in your Dividend Plan are identical to those contained in the prior POLICYHOLDER DIVIDEND DISCLOSURE STATEMENT, PART I, HISTORICAL DISCLOSURE displaying our actual performance as paid except as identified in the following proposal.

The dividend formula remains:

Dividend = None

WC 99 04 14 (Ed. 05 00)

CALIFORNIA WORKERS' COMPENSATION INSURANCE

POLICYHOLDER DIVIDEND DISCLOSURE STATEMENT - CONTINUED

PREMIUM

Changes, if any: None

LOSSES

Changes, if any: None

LOSS RATIO

Changes, if any: None

DIVIDEND PERCENTAGE

In accordance with California Administrative Code, Title 10, Section 2504, no workers' compensation insurer or officer or agent thereof or insurance broker or solicitor shall represent, either orally or in writing as an inducement either to insure or to continue or to renew insurance, that the insurer has agreed or will agree (a) to pay a specified policyholder's dividend or (b) upon a formula, criteria or factors which set forth or can be used to determine the amount of dividend, or percentage of premium to be paid as a dividend, or amount or percentage of premium to be retained by the insurer after payment of dividend.

Comments: None

DIVIDEND DETERMINATION AND TIMING

Changes, if any: None

At the time of dividend payment, you will be provided with a "Policyholder Dividend Result Disclosure Statement" which will include all essential data employed to compute the dividend result. This discount will identify any exceptions to the procedures, factors and timing of payment described in this Policyholder Dividend Disclosure Statement and explain such variances.

You should be aware that forfeiture of a right to, reduction in the amount of, reduction in any other benefit plan, or delaying the payment of, a policyholder's dividend due to the policyholder's failure to accept renewal of the policy or subsequent policies issued by the same insurer is coercive and illegal and constitutes an unfair practice.

WC 99 04 14 (Ed. 05 00)

CALIFORNIA WORKERS' COMPENSATION INSURANCE

POLICYHOLDER DIVIDEND DISCLOSURE STATEMENT - CONTINUED

However, a reasonable reduction in the amount of policyholder dividend is permissible if the policyholder has elected to be considered for policyholder dividends under a plan which utilizes the premium and loss experience of the policyholder for two or more policy years and the policyholder does not remain insured by the same insurer during the complete term of the multi-year dividend plan. In such instances, the nature of the adjustment must be sent forth in this Policyholder Dividend Disclosure Statement and provided to the policyholder within thirty days after the inception of the first policy year for which such election has been made.

A "reasonable reduction" in the amount of policyholder dividends is defined as and specifically limited to the application of the most favorable dividend plan for which the policyholder then qualifies under the dividend procedures of the insurer unless some alternative dividend plan has been set forth in the Policyholder Dividend Disclosure Statement provided the policyholder.

COMMENTS

None

Insurer Authorized Signature

WC 99 04 14 (Ed. 05 00)

Ernst & Young LLP
155 N Wacker Drive
Chicago, IL 60606

Tel: +1 312 879 4000
Fax: +1 312 879 2000
ey.com

Building a better working world

October 12, 2017

[redacted]

[redacted]

Enclosed please find the following tax filing prepared on behalf of KapStone Paper & Packaging Corporation and Subsidiaries for the tax year ended December 31, 2016:

Form	Form Description
Form 1120	U.S. Corporation Income Tax Return

The enclosed return(s) were prepared from data and information which you submitted. The preparation of tax returns does not include the independent verification of information used. Therefore, we recommend you review the return(s) before signing to ensure there are no omissions or misstatements. If you note anything which may require a change to the return(s), please contact us before filing them.

The Internal Revenue Service is authorized to impose a 20% penalty in the event of a substantial understatement of tax liability. Generally, the penalty does not apply if the tax treatment on the return is supported by "substantial authority," or the taxpayer discloses the relevant facts with respect to that amount on the tax return. To avoid the penalty if the deficiency relates to a tax shelter item, there must also be a reasonable belief by the taxpayer that the treatment on the return was "more likely than not the proper treatment." The scope of our services in preparing this return did not include an undertaking to provide the research and analysis necessary to satisfy these standards.

Prior to preparing your return(s), we provided you with summaries of transactions identified by the IRS as "Listed Transactions and Transactions of Interest". We asked questions to determine if you had participated in such a transaction or any other Reportable Transaction requiring disclosure with the tax return(s). We have prepared your tax return(s) based on the information you provided in response to this questionnaire. If you indicated that you have not participated in any such transactions or you have not responded to our inquiries related to this request, your tax return(s) were prepared without any disclosure statement for these transactions. Otherwise, we have prepared your tax return(s) in accordance with the information you provided to us, and have attached the appropriate "Disclosure Statement (s) For Reportable Transaction" to your tax return (if required). If a copy of a Disclosure Statement for Reportable Transactions must also be filed with the Office of Tax Shelter Analysis, we have included an extra copy of that disclosure statement and filing instructions for it. EY will not be liable for any penalties resulting from your failure to provide us with accurate and timely information regarding such transactions or to timely file the required disclosure statements.

Please provide us with the signed e-file authorization form for all of the aforementioned corporate tax returns. A copy of this authorization and the tax return should be retained for your files. We will e-file the return upon receipt of the authorization.

We sincerely appreciate this opportunity to serve you. Please contact us if you have any questions or if we may be of further assistance.



Ernst & Young LLP
155 North Wacker Drive
Chicago, IL 60606

Tel: +1 312 879 2000
Fax: +1 312 879 4000
ey.com

Building a better working world

Kapstone Paper & Packaging Corporation & Subs
Instructions for Filing
Form 8453-C
U.S. Corporation Income Tax Declaration for an IRS e-file Return
for the year ended December 31, 2016

The original form should be signed (using full name and title) and dated by an authorized officer of the corporation.

The signed form should be returned on or before October 16, 2017.

ERNST & YOUNG U.S. LLP
155 NORTH WACKER DRIVE
CHICAGO, IL 60606

This return indicates a [redacted] overpayment. Of this amount, [redacted] will be refunded to you and [redacted] has been applied to your 2017 estimated tax.

Do NOT separately file Form 1120 with the Internal Revenue Service. Doing so will delay the processing of your return.

We must receive your signed form before we can electronically transmit your return. The Internal Revenue Service will notify us when your return is accepted. Your return is not considered filed until the Internal Revenue Service confirms their acceptance.

A member firm of Ernst & Young Global Limited

Carryovers to Next Year

	Regular Tax	Alternative Minimum Tax
Sec. 1231 losses	[redacted]	[redacted]

Form **8453-C**

Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Declaration for an IRS *e-file* Return

▶ File electronically with the corporation's tax return. Do not file paper copies.
▶ Information about Form 8453-C and its instructions is at *www.irs.gov/form8453c*.
For calendar year 2016, or tax year beginning , ending

OMB No. 1545-0123

2016

Name of corporation

Kapstone Paper & Packaging Corporation & Subs

Employer identification number

20-2699372

Part I Tax Return Information (Whole dollars only)

1	Total income (Form 1120, line 11)	1	[redacted]
2	Taxable income (Form 1120, line 30)	2	
3	Total tax (Form 1120, line 31)	3	
4	Amount owed (Form 1120, line 34)	4	
5	Overpayment (Form 1120, line 35)	5	

Part II Declaration of Officer (see instructions) **Be sure to keep a copy of the corporation's tax return.**

6a ☐ I consent that the corporation's refund be directly deposited as designated on the Form 8050, Direct Deposit of Corporate Tax Refund, that will be electronically transmitted with the corporation's 2016 federal income tax return.

b ☒ I do not want direct deposit of the corporation's refund or the corporation is not receiving a refund.

c ☐ I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the corporation's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at **1-888-353-4537** no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.

If the corporation is filing a balance due return, I understand that if the IRS does not receive full and timely payment of its tax liability, the corporation will remain liable for the tax liability and all applicable interest and penalties.

Under penalties of perjury, I declare that I am an officer of the above corporation and that the information I have given my electronic return originator (ERO), transmitter, and/or intermediate service provider (ISP) and the amounts in Part I above agree with the amounts on the corresponding lines of the corporation's 2016 federal income tax return. To the best of my knowledge and belief, the corporation's return is true, correct, and complete. I consent to my ERO, transmitter, and/or ISP sending the corporation's return, this declaration, and accompanying schedules and statements to the IRS. I also consent to the IRS sending my ERO, transmitter, and/or ISP an acknowledgment of receipt of transmission and an indication of whether or not the corporation's return is accepted, and, if rejected, the reason(s) for the rejection. If the processing of the corporation's return or refund is delayed, I authorize the IRS to disclose to my ERO, transmitter, and/or ISP the reason(s) for the delay, or when the refund was sent.

Sign Here ▶ Signature of officer — Date: 10/12/2017 — ▶ Title: VP & Controller

Part III Declaration of Electronic Return Originator (ERO) and Paid Preparer (see instructions)

I declare that I have reviewed the above corporation's return and that the entries on Form 8453-C are complete and correct to the best of my knowledge. If I am only a collector, I am not responsible for reviewing the return and only declare that this form accurately reflects the data on the return. The corporate officer will have signed this form before I submit the return. I will give the officer a copy of all forms and information to be filed with the IRS, and have followed all other requirements in Pub. 3112, IRS *e-file* Application and Participation, and Pub. 4163, Modernized e-File (MeF) Information for Authorized IRS *e-file* Providers for Business Returns. If I am also the Paid Preparer, under penalties of perjury, I declare that I have examined the above corporation's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. This Paid Preparer declaration is based on all information of which I have any knowledge.

ERO's Use Only

ERO's signature ▶ [redacted] Date: 10-12-17 | Check if also paid preparer ☒ | Check if self-employed ☐ | ERO's SSN or PTIN [redacted]

Firm's name (or yours if self-employed), address, and ZIP code ▶ ERNST & YOUNG U.S. LLP
155 NORTH WACKER DRIVE
CHICAGO, IL 60606 [redacted]

Under penalties of perjury, I declare that I have examined the above corporation's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. This declaration is based on all information of which I have any knowledge.

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no	

For Privacy Act and Paperwork Reduction Act Notice, see instructions. Form **8453-C** (2016)

JSA
6C3301 2.000

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KAPSTONE-001646

Form **1120** Department of the Treasury Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2016 or tax year beginning _____, ending _____

▶ Information about Form 1120 and its separate instructions is at www.irs.gov/form1120.

OMB No 1545-0123

2016

A Check if:
1a Consolidated return (attach Form 851) X
b Life/nonlife consolidated return
2 Personal holding co (attach Sch PH)
3 Personal service corp (see instructions)
4 Schedule M-3 attached X

TYPE OR PRINT

Name: Kapstone Paper & Packaging Corporation & Subs

Number, street, and room or suite no If a P.O box, see instructions: 1101 Skokie Blvd Suite #300

City or town, state, or province, country, and ZIP or foreign postal code: Northbrook, IL 60062

B Employer identification number: 20-2699372

C Date incorporated: 04/15/2005

D Total assets (see instructions) $ [redacted]

E Check if: (1) Initial return (2) Final return (3) Name change (4) Address change

Income	1a	Gross receipts or sales	1a [redacted]	
	b	Returns and allowances	1b	
	c	Balance. Subtract line 1b from line 1a		1c
	2	Cost of goods sold (attach Form 1125-A)		2
	3	Gross profit. Subtract line 2 from line 1c		3
	4	Dividends (Schedule C, line 19)		4
	5	Interest		5
	6	Gross rents		6
	7	Gross royalties		7
	8	Capital gain net income (attach Schedule D (Form 1120))		8
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)		9
	10	Other income (see instructions - attach statement) See. Statement. 3.		10
	11	Total income. Add lines 3 through 10 ▶		11
Deductions (See instructions for limitations on deductions.)	12	Compensation of officers (see instructions - attach Form 1125-E) ▶		12
	13	Salaries and wages (less employment credits)		13
	14	Repairs and maintenance		14
	15	Bad debts		15
	16	Rents		16
	17	Taxes and licenses See. Statement. 5.		17
	18	Interest		18
	19	Charitable contributions See. Statement. 10.		19
	20	Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)		20
	21	Depletion		21
	22	Advertising		22
	23	Pension, profit-sharing, etc., plans		23
	24	Employee benefit programs		24
	25	Domestic production activities deduction (attach Form 8903)		25
	26	Other deductions (attach statement) See. Statement. 11.		26
	27	Total deductions. Add lines 12 through 26 ▶		27
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11		28
	29a	Net operating loss deduction (see instructions)	29a	
	b	Special deductions (Schedule C, line 20)	29b	
	c	Add lines 29a and 29b		29c
Tax, Refundable Credits, and Payments	30	Taxable income. Subtract line 29c from line 28 See instructions		30
	31	Total tax (Schedule J, Part I, line 11)		31
	32	Total payments and refundable credits (Schedule J, Part II, line 21)		32
	33	Estimated tax penalty. See instructions Check if Form 2220 is attached ▶ X		33
	34	Amount owed. If line 32 is smaller than the total of lines 31 and 33, enter amount owed		34
	35	Overpayment. If line 32 is larger than the total of lines 31 and 33, enter amount overpaid		35
	36	Enter amount from line 35 you want Credited to 2017 estimated tax ▶ [redacted] Refunded ▶		36

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge

Signature of officer: Mark Niehus Date: 10/12/2017 ▶ Title: VP & Controller

May the IRS discuss this return with the preparer shown below? See instructions. X Yes No

Paid Preparer Use Only

[redacted] Date 10-12-17 Check if self-employed PTIN [redacted]

Firm's name ▶ ERNST & YOUNG U.S. LLP

Firm's address ▶ 155 NORTH WACKER DRIVE CHICAGO, IL 60606

Phone no [redacted]

For Paperwork Reduction Act Notice, see separate instructions. Form **1120** (2016)

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Form **1120**
Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2016 or tax year beginning _____, ending _____

▶ Information about Form 1120 and its separate instructions is at *www.irs.gov/form1120.*

OMB No. 1545-0123

2016

A Check if:
1a Consolidated return (attach Form 851) X
b Life/nonlife consolidated return
2 Personal holding co. (attach Sch. PH)
3 Personal service corp. (see instructions)
4 Schedule M-3 attached X

TYPE OR PRINT

Name: Kapstone Paper & Packaging Corporation & Subs

Number, street, and room or suite no. If a P.O. box, see instructions.: 1101 Skokie Blvd Suite #300

City or town, state, or province, country, and ZIP or foreign postal code: Northbrook, IL 60062

B Employer identification number: 20-2699372

C Date incorporated: 04/15/2005

D Total assets (see instructions): $ [redacted]

E Check if: (1) Initial return (2) Final return (3) Name change (4) Address change

Income	1a	Gross receipts or sales	1a [redacted]	
	b	Returns and allowances	1b [redacted]	
	c	Balance. Subtract line 1b from line 1a		1c
	2	Cost of goods sold (attach Form 1125-A)		2
	3	Gross profit. Subtract line 2 from line 1c		3
	4	Dividends (Schedule C, line 19)		4
	5	Interest		5
	6	Gross rents		6
	7	Gross royalties		7
	8	Capital gain net income (attach Schedule D (Form 1120))		8
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)		9
	10	Other income (see instructions - attach statement)	See. Statement. 3.	10
	11	**Total income.** Add lines 3 through 10 ▶		11
Deductions (See instructions for limitations on deductions.)	12	Compensation of officers (see instructions - attach Form 1125-E) ▶		12
	13	Salaries and wages (less employment credits)		13
	14	Repairs and maintenance		14
	15	Bad debts		15
	16	Rents		16
	17	Taxes and licenses	See. Statement. 5.	17
	18	Interest		18
	19	Charitable contributions	See. Statement. 10.	19
	20	Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)		20
	21	Depletion		21
	22	Advertising		22
	23	Pension, profit-sharing, etc., plans		23
	24	Employee benefit programs		24
	25	Domestic production activities deduction (attach Form 8903)		25
	26	Other deductions (attach statement)	See. Statement. 11.	26
	27	**Total deductions.** Add lines 12 through 26 ▶		27
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11		28
	29a	Net operating loss deduction (see instructions) 29a		
	b	Special deductions (Schedule C, line 20) 29b		
	c	Add lines 29a and 29b		29c
Tax, Refundable Credits, and Payments	30	**Taxable income.** Subtract line 29c from line 28. See instructions		30
	31	Total tax (Schedule J, Part I, line 11)		31
	32	Total payments and refundable credits (Schedule J, Part II, line 21)		32
	33	Estimated tax penalty. See instructions. Check if Form 2220 is attached ▶ X		33
	34	**Amount owed.** If line 32 is smaller than the total of lines 31 and 33, enter amount owed		34
	35	**Overpayment.** If line 32 is larger than the total of lines 31 and 33, enter amount overpaid		35
	36	Enter amount from line 35 you want: **Credited to 2017 estimated tax** ▶ [redacted] **Refunded** ▶		36

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer: Mark Niehus — Date: 10/12/2017 — Title: VP & Controller

May the IRS discuss this return with the preparer shown below? See instructions. X Yes No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed	PTIN
[redacted]		10/12/2017		[redacted]

Firm's name ▶ ERNST & YOUNG U.S. LLP — Firm's EIN ▶ [redacted]

Firm's address ▶ 155 NORTH WACKER DRIVE, CHICAGO, IL 60606 — Phone no. [redacted]

For Paperwork Reduction Act Notice, see separate instructions. Form **1120** (2016)

JSA
6C1110 2.000

Schedule C **Dividends and Special Deductions** (see instructions)

		(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)			
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)			
3	Dividends on debt-financed stock of domestic and foreign corporations			
4	Dividends on certain preferred stock of less-than-20%-owned public utilities			
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities			
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs			
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs			
8	Dividends from wholly owned foreign subsidiaries			
9	**Total.** Add lines 1 through 8. See instructions for limitation			
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958			
11	Dividends from affiliated group members			
12	Dividends from certain FSCs			
13	Dividends from foreign corporations not included on line 3, 6, 7, 8, 11, or 12			
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15	Foreign dividend gross-up			
16	IC-DISC and former DISC dividends not included on line 1, 2, or 3			
17	Other dividends			
18	Deduction for dividends paid on certain preferred stock of public utilities			
19	**Total dividends.** Add lines 1 through 17. Enter here and on page 1, line 4 ▶			
20	**Total special deductions.** Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b ▶			

Schedule J Tax Computation and Payment (see instructions)

Part I-Tax Computation

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)). See in		
2	Income tax. Check if a qualified personal service corporation. See instructions.		
3	Alternative minimum tax (attach Form 4626)		
4	Add lines 2 and 3		
5a	Foreign tax credit (attach Form 1118)	5a	
b	Credit from Form 8834 (see instructions)	5b	
c	General business credit (attach Form 3800)	5c	
d	Credit for prior year minimum tax (attach Form 8827)	5d	
e	Bond credits from Form 8912	5e	
6	**Total credits.** Add lines 5a through 5e		
7	Subtract line 6 from line 4		
8	Personal holding company tax (attach Schedule PH (Form 1120))		
9a	Recapture of investment credit (attach Form 4255)	9a	
b	Recapture of low-income housing credit (attach Form 8611)	9b	
c	Interest due under the look-back method - completed long-term contracts (attach Form 8697)	9c	
d	Interest due under the look-back method - income forecast method (attach Form 8866)	9d	
e	Alternative tax on qualifying shipping activities (attach Form 8902)	9e	
f	Other (see instructions - attach statement)	9f	
10	**Total.** Add lines 9a through 9f		
11	**Total tax.** Add lines 7, 8, and 10. Enter here and on page 1, line 31		

Part II-Payments and Refundable Credits

12	2015 overpayment credited to 2016		
13	2016 estimated tax payments		
14	2016 refund applied for on Form 4466		
15	Combine lines 12, 13, and 14		
16	Tax deposited with Form 7004		
17	Withholding (see instructions)		
18	**Total payments.** Add lines 15, 16, and 17		
19	Refundable credits from:		
a	Form 2439	19a	
b	Form 4136	19b	
c	Form 8827, line 8c	19c	
d	Other (attach statement - see instructions)	19d	
20	**Total credits.** Add lines 19a through 19d	20	
21	**Total payments and credits.** Add lines 18 and 20. Enter here and on page 1, line 32	21	

Schedule K Other Information (see instructions)

		Yes	No
1	Check accounting method: a ☐ Cash b ☒ Accrual c ☐ Other (specify) ▶		
2	See the instructions and enter the:		
a	Business activity code no. ▶ 322100		
b	Business activity ▶ HOLDING COMPANY		
c	Product or service ▶ PAPER MANUFACTURING		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?		X
	If "Yes," enter name and EIN of the parent corporation ▶		
4	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part I of Schedule G (Form 1120) (attach Schedule G)		X
b	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part II of Schedule G (Form 1120) (attach Schedule G)		X

Schedule K Other Information *(continued from page 3)*

		Yes	No
5	At the end of the tax year, did the corporation:		
a	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on **Form 851,** Affiliations Schedule? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below. See Statement 15	X	

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

b	Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below. See Statement 16	X	

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

6	During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? See sections 301 and 316. If "Yes," file **Form 5452,** Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.		X
7	At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of **(a)** the total voting power of all classes of the corporation's stock entitled to vote or **(b)** the total value of all classes of the corporation's stock? For rules of attribution, see section 318. If "Yes," enter: (i) Percentage owned ▶ _____ and (ii) Owner's country ▶ _____ **(c)** The corporation may have to file **Form 5472,** Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶ _____		X
8	Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ ☐ If checked, the corporation may have to file **Form 8281,** Information Return for Publicly Offered Original Issue Discount Instruments.		
9	Enter the amount of tax-exempt interest received or accrued during the tax year ▶ $ _____		
10	Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ _____		
11	If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ▶ ☐ If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election won't be valid.		
12	Enter the available NOL carryover from prior tax years (don't reduce it by any deduction on line 29a.) ▶ $ NONE		
13	Are the corporation's total receipts (page 1, line 1a, plus lines 4 through 10) for the tax year **and** its total assets at the end of the tax year less than $250,000? If "Yes," the corporation isn't required to complete Schedules L, M-1, and M-2. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year ▶ $ _____		X
14	Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement? See instructions If "Yes," complete and attach Schedule UTP.		X
15a	Did the corporation make any payments in 2016 that would require it to file Form(s) 1099?	X	
b	If "Yes," did or will the corporation file required Forms 1099?	X	
16	During this tax year, did the corporation have an 80% or more change in ownership, including a change due to redemption of its own stock?		X
17	During or subsequent to this tax year, but before the filing of this return, did the corporation dispose of more than 65% (by value) of its assets in a taxable, non-taxable, or tax deferred transaction?		X
18	Did the corporation receive assets in a section 351 transfer in which any of the transferred assets had a fair market basis or fair market value of more than $1 million?		X
19	During the corporation's tax year, did the corporation make any payments that would require it to file Forms 1042 and 1042-S under chapter 3 (sections 1441 through 1464) or chapter 4 (sections 1471 through 1474) of the Code?	X	

Schedule L Balance Sheets per Books

Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
1 Cash				
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach statement)				
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach statement)				
10a Buildings and other depreciable assets				
b Less accumulated depreciation				
11a Depletable assets				
b Less accumulated depletion				
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)				
b Less accumulated amortization				
14 Other assets (attach statement)				
15 Total assets				
Liabilities and Shareholders' Equity				
16 Accounts payable				
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (attach statement)				
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 year or more				
21 Other liabilities (attach statement)				
22 Capital stock: a Preferred stock				
b Common stock				
23 Additional paid-in capital				
24 Retained earnings - Appropriated (attach statement)				
25 Retained earnings - Unappropriated				
26 Adjustments to shareholders' equity (attach statement)				
27 Less cost of treasury stock				
28 Total liabilities and shareholders' equity				

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return

Note: The corporation may be required to file Schedule M-3. See instructions.

1 Net income (loss) per books		7 Income recorded on books this year not included on this return. (itemize): Tax-exempt interest $	
2 Federal income tax per books			
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize):		8 Deductions on this return not charged against book income this year (itemize):	
5 Expenses recorded on books this year not deducted on this return (itemize):		a Depreciation $	
a Depreciation $		b Charitable contributions $	
b Charitable contributions $			
c Travel and entertainment $			
6 Add lines 1 through 5		9 Add lines 7 and 8	
		10 Income (page 1, line 28) - line 6 less line 9	

Schedule M-2 Analysis of Unappro nings per Books (Line 25, Schedule L)

1 Balance at beginning of year		5 Distributions: a Cash	
2 Net income (loss) per books		b Stock	
3 Other increases (itemize):		c Property	
		6 Other decreases (itemize):	
		7 Add lines 5 and 6	
4 Add lines 1, 2, and 3		8 Balance at end of year (line 4 less line 7)	

SCHEDULE G (Form 1120)
(Rev. December 2011)
Department of the Treasury
Internal Revenue Service

Information on Certain Persons Owning the Corporation's Voting Stock

▶ Attach to Form 1120.
▶ See instructions on page 2.

OMB No. 1545-0123

Name

Kapstone Paper & Packaging Corporation & Subs

Employer identification number (EIN)

20-2699372

Part I **Certain Entities Owning the Corporation's Voting Stock.** (Form 1120, Schedule K, Question 4a). Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Percentage Owned in Voting Stock

Part II **Certain Individuals and Estates Owning the Corporation's Voting Stock.** (Form 1120, Schedule K, Question 4b). Complete columns (i) through (iv) below for any individual or estate that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Percentage Owned in Voting Stock

SCHEDULE N (Form 1120)
Department of the Treasury
Internal Revenue Service

Foreign Operations of U.S. Corporations

▶ Attach to Form 1120, 1120-C, 1120-IC-DISC, 1120-L, 1120-PC, 1120-REIT, 1120-RIC, or 1120S.
▶ Information about Schedule N (Form 1120) and its instructions is available at *www.irs.gov/form1120*.

OMB No. 1545-0123

2016

Name: Kapstone Paper & Packaging Corporation & Subs

Employer identification number (EIN): 20-2699372

Foreign Operations Information

		Yes	No
1a	During the tax year, did the corporation own (directly or indirectly) any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3 (see instructions)?		X
	If "Yes," you are generally required to attach **Form 8858,** Information Return of U.S. Persons With Respect to Foreign Disregarded Entities, for each foreign disregarded entity (see instructions).		
b	Enter the number of Forms 8858 attached to the tax return ▶		
2	Enter the number of **Forms 8865,** Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to the corporation's income tax return ▶		
3	Excluding any partnership for which a Form 8865 is attached to the tax return, did the corporation own at least a 10% interest, directly or indirectly, in any other foreign partnership (including an entity treated as a foreign partnership under Regulations section 301.7701-2 or 301.7701-3)?		X
	If "Yes," see instructions for required statement.		
4a	Was the corporation a U.S. shareholder of any controlled foreign corporation (CFC)? (See sections 951 and 957.)	X	
	If "Yes," attach **Form 5471,** Information Return of U.S. Persons With Respect to Certain Foreign Corporations, for each CFC.		
b	Enter the number of Forms 5471 attached to the tax return ▶ 4		
5	During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust?		X
	If "Yes," the corporation may have to file **Form 3520,** Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts.		
6a	At any time during the 2016 calendar year, did the corporation have an interest in or a signature or other authority over a financial account (such as a bank account, securities account, or other financial account) in a foreign country?	X	
	See the instructions for exceptions and filing requirements for **FinCEN Form 114,** Report of Foreign Bank and Financial Accounts (FBAR).		
	See Statement 47		
b	If "Yes," enter the name of the foreign country ▶ BE TW MX		
7a	Is the corporation claiming the extraterritorial income exclusion?		X
	If "Yes," attach a separate **Form 8873,** Extraterritorial Income Exclusion, for **each** transaction or group of transactions.		
b	Enter the number of Forms 8873 attached to the tax return ▶		
c	Enter the total of the amounts from line 52 (extraterritorial income exclusion (net of disallowed deductions)) of **all** Forms 8873 attached to the tax return ▶ $		
8	Was the corporation a specified domestic entity required to file Form 8938 for the tax year (see the Instructions for Form 8938)?		X

Form **4626**

Department of the Treasury
Internal Revenue Service

Alternative Minimum Tax - Corporations

▶ Attach to the corporation's tax return.
▶ Information about Form 4626 and its separate instructions is at *www.irs.gov/form4626.*

OMB No. 1545-0123

2016

Name

Kapstone Paper & Packaging Corporation & Subs

Employer identification number

20-2699372

Note: *See the instructions to find out if the corporation is a small corporation exempt from the alternative minimum tax (AMT) under section 55(e).*

1	Taxable income or (loss) before net operating loss deduction		
2	**Adjustments and preferences:**		
a	Depreciation of post-1986 property		
b	Amortization of certified pollution control facilities		
c	Amortization of mining exploration and development costs		
d	Amortization of circulation expenditures (personal holding companies only)		
e	Adjusted gain or loss		
f	Long-term contracts		
g	Merchant marine capital construction funds		
h	Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only)		
i	Tax shelter farm activities (personal service corporations only)		
j	Passive activities (closely held corporations and personal service corporations only)		
k	Loss limitations		
l	Depletion		
m	Tax-exempt interest income from specified private activity bonds		
n	Intangible drilling costs		
o	Other adjustments and preferences See. Statement. 50.		
3	Pre-adjustment alternative minimum taxable income (AMTI). Combine lines 1 through 2o		
4	**Adjusted current earnings (ACE) adjustment:**		
a	ACE from line 10 of the ACE worksheet in the instructions	4a	
b	Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount. See instructions	4b	
c	Multiply line 4b by 75% (0.75). Enter the result as a positive amount	4c	
d	Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments. See instructions. **Note:** *You **must** enter an amount on line 4d (even if line 4b is positive)*	4d	
e	ACE adjustment. • If line 4b is zero or more, enter the amount from line 4c • If line 4b is less than zero, enter the **smaller** of line 4c or line 4d as a negative amount		
5	Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe any AMT		
6	Alternative tax net operating loss deduction. See instructions		
7	**Alternative minimum taxable income.** Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see instructions		
8	**Exemption phase-out** (if line 7 is $310,000 or more, skip lines 8a and 8b and enter -0- on line 8c):		
a	Subtract $150,000 from line 7 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-	8a	
b	Multiply line 8a by 25% (0.25)	8b	
c	Exemption. Subtract line 8b from $40,000 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-		
9	Subtract line 8c from line 7. If zero or less, enter -0-		
10	Multiply line 9 by 20% (0.20)		
11	Alternative minimum tax foreign tax credit (AMTFTC). See instructions		
12	Tentative minimum tax. Subtract line 11 from line 10		
13	Regular tax liability before applying all credits except the foreign tax credit		
14	**Alternative minimum tax.** Subtract line 13 from line 12. If zero or less, enter -0-. Enter here and on Form 1120, Schedule J, line 3, or the appropriate line of the corporation's income tax return		

Adjusted Current Earnings (ACE) Worksheet

Keep for Your Records

▶ See ACE Worksheet Instructions.

1		Pre-adjustment AMTI. Enter the amount from line 3 of Form 4626			1
2		ACE depreciation adjustment:			
	a	AMT depreciation		2a	
	b	ACE depreciation:			
		(1) Post-1993 property	2b(1)		
		(2) Post-1989, pre-1994 property	2b(2)		
		(3) Pre-1990 MACRS property	2b(3)		
		(4) Pre-1990 original ACRS property	2b(4)		
		(5) Property described in sections 168(f)(1) through (4)	2b(5)		
		(6) Other property	2b(6)		
		(7) Total ACE depreciation. Add lines 2b(1) through 2b(6)		2b(7)	
	c	ACE depreciation adjustment. Subtract line 2b(7) from line 2a			2c
3		Inclusion in ACE of items included in earnings and profits (E&P):			
	a	Tax-exempt interest income		3a	
	b	Death benefits from life insurance contracts		3b	
	c	All other distributions from life insurance contracts (including surrenders)		3c	
	d	Inside buildup of undistributed income in life insurance contracts		3d	
	e	Other items (see Regulations sections 1.56(g)-1(c)(6)(iii) through (ix) for a partial list)		3e	
	f	Total increase to ACE from inclusion in ACE of items included in E&P. Add lines 3a through 3e			3f
4		Disallowance of items not deductible from E&P:			
	a	Certain dividends received		4a	
	b	Dividends paid on certain preferred stock of public utilities that are deductible under section 247 (as affected by P.L. 113-295, Div. A, section 221(a)(41)(A), Dec. 19, 2014, 128 Stat. 4043)		4b	
	c	Dividends paid to an ESOP that are deductible under section 404(k)		4c	
	d	Nonpatronage dividends that are paid and deductible under section 1382(c)		4d	
	e	Other items (see Regulations sections 1.56(g)-1(d)(3)(i) and (ii) for a partial list)		4e	
	f	Total increase to ACE because of disallowance of items not deductible from E&P. Add lines 4a through 4e			4f
5		Other adjustments based on rules for figuring E&P:			
	a	Intangible drilling costs		5a	
	b	Circulation expenditures		5b	
	c	Organizational expenditures		5c	
	d	LIFO inventory adjustments		5d	
	e	Installment sales		5e	
	f	Total other E&P adjustments. Combine lines 5a through 5e			5f
6		Disallowance of loss on exchange of debt pools			6
7		Acquisition expenses of life insurance companies for qualified foreign contracts			7
8		Depletion			8
9		Basis adjustments in determining gain or loss from sale or exchange of pre-1994 property			9
10		**Adjusted current earnings.** Combine lines 1, 2c, 3f, 4f, and 5f through 9. Enter the result here and on line 4a of Form 4626			10

Form **4136**

Department of the Treasury
Internal Revenue Service (99)

Credit for Federal Tax Paid on Fuels

▶ **Information about Form 4136 and its separate instructions is at *www.irs.gov/form4136*.**

OMB No. 1545-0162

2016

Attachment Sequence No. **23**

Name (as shown on your income tax return)	Taxpayer identification number
Kapstone Paper & Packaging Corporation & Subs	20-2699372

Caution: Claimant has the name and address of the person who sold the fuel to the claimant and the dates of purchase. For claims on lines 1c and 2b (type of use 13 or 14), 3d, 4c, and 5, claimant has not waived the right to make the claim. For claims on lines 1c and 2b (type of use 13 or 14), claimant certifies that a certificate has not been provided to the credit card issuer.

1 Nontaxable Use of Gasoline

Note: CRN is credit reference number.

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Off-highway business use					
b Use on a farm for farming purposes					
c Other nontaxable use (see **Caution** above line 1)					
d Exported					

2 Nontaxable Use of Aviation Gasoline

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use in commercial aviation (other than foreign trade)					
b Other nontaxable use (see **Caution** above line 1)					
c Exported					
d LUST tax on aviation fuels used in foreign trade					

3 Nontaxable Use of Undyed Diesel Fuel

Claimant certifies that the diesel fuel did not contain visible evidence of dye.
Exception. If any of the diesel fuel included in this claim **did** contain visible evidence of dye, attach an explanation and check here ▶ ☐

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Nontaxable use					
b Use on a farm for farming purposes					
c Use in trains					
d Use in certain intercity and local buses (see **Caution** above line 1)					
e Exported					

4 Nontaxable Use of Undyed Kerosene (Other Than Kerosene Used in Aviation)

Claimant certifies that the kerosene did not contain visible evidence of dye.
Exception. If any of the kerosene included in this claim **did** contain visible evidence of dye, attach an explanation and check here ▶ ☐

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Nontaxable use taxed at $.244					
b Use on a farm for farming purposes					
c Use in certain intercity and local buses (see **Caution** above line 1)					
d Exported					
e Nontaxable use taxed at $.044					
f Nontaxable use taxed at $.219					

5 Kerosene Used in Aviation (see **Caution** above line 1)

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Kerosene used in commercial aviation (other than foreign trade) taxed at $.244					
b Kerosene used in commercial aviation (other than foreign trade) taxed at $.219					
c Nontaxable use (other than use by state or local government) taxed at $.244					
d Nontaxable use (other than use by state or local government) taxed at $.219					
e LUST tax on aviation fuels used in foreign trade					

6 Sales by Registered Ultimate Vendors of Undyed Diesel Fuel **Registration No.** ▶

Claimant certifies that it sold the diesel fuel at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. Claimant certifies that the diesel fuel did not contain visible evidence of dye.

Exception. If any of the diesel fuel included in this claim **did** contain visible evidence of dye, attach an explanation and check here ▶ ☐

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use by a state or local government				
b Use in certain intercity and local buses				

7 Sales by Registered Ultimate Vendors of Undyed Kerosene (Other Than Kerosene For Use in Aviation) **Registration No.** ▶

Claimant certifies that it sold the kerosene at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. Claimant certifies that the kerosene did not contain visible evidence of dye.

Exception. If any of the kerosene included in this claim **did** contain visible evidence of dye, attach an explanation and check here ▶ ☐

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use by a state or local government				
b Sales from a blocked pump				
c Use in certain intercity and local buses				

8 Sales by Registered Ultimate Vendors of Kerosene For Use in Aviation **Registration No.** ▶

Claimant sold the kerosene for use in aviation at a tax-excluded price and has not collected the amount of tax from the buyer, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. See the instructions for additional information to be submitted.

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use in commercial aviation (other than foreign trade) taxed at $.219					
b Use in commercial aviation (other than foreign trade) taxed at $.244					
c Nonexempt use in noncommercial aviation					
d Other nontaxable uses taxed at $.244					
e Other nontaxable uses taxed at $.219					
f LUST tax on aviation fuels used in foreign trade					

9 Reserved Registration No. ▶

	(b) Rate	(c) Gallons of alcohol	(d) Amount of credit	(e) CRN
a Reserved				
b Reserved				

10 Biodiesel or Renewable Diesel Mixture Credit Registration No. ▶

Biodiesel mixtures. Claimant produced a mixture by mixing biodiesel with diesel fuel. The biodiesel used to produce the mixture met ASTM D6751 and met EPA's registration requirements for fuels and fuel additives. The mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant. Claimant has attached the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller. **Renewable diesel mixtures.** Claimant produced a mixture by mixing renewable diesel with liquid fuel (other than renewable diesel). The renewable diesel used to produce the renewable diesel mixture was derived from biomass process, met EPA's registration requirements for fuels and fuel additives, and met ASTM D975, D396, or other equivalent standard approved by the IRS. The mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant. Claimant has attached the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller, both of which have been edited as discussed in the Instructions for Form 4136. See the instructions for line 10 for information about renewable diesel used in aviation.

	(b) Rate	(c) Gallons of biodiesel or renewable diesel	(d) Amount of credit	(e) CRN
a Biodiesel (other than agri-biodiesel) mixtures				
b Agri-biodiesel mixtures				
c Renewable diesel mixtures				

11 Nontaxable Use of Alternative Fuel

Caution: There is a reduced credit rate for use in certain intercity and local buses (type of use 5) (see instructions).

	(a) Type of use	(b) Rate	(c) Gallons, or gasoline or diesel gallon equivalents	(d) Amount of credit	(e) CRN
a Liquefied petroleum gas (LPG) (see instructions)					
b "P Series" fuels					
c Compressed natural gas (CNG) (see instructions)					
d Liquefied hydrogen					
e Fischer-Tropsch process liquid fuel from coal (including peat)					
f Liquid fuel derived from biomass					
g Liquefied natural gas (LNG) (see instructions)					
h Liquefied gas derived from biomass					

12 Alternative Fuel Credit Registration No. ▶

	(b) Rate	(c) Gallons, or gasoline or diesel gallon equivalents	(d) Amount of credit	(e) CRN
a Liquefied petroleum gas (LPG) (see instructions)				
b "P Series" fuels				
c Compressed natural gas (CNG) (see instructions)				
d Liquefied hydrogen				
e Fischer-Tropsch process liquid fuel from coal (including peat)				
f Liquid fuel derived from biomass				
g Liquefied natural gas (LNG) (see instructions)				
h Liquefied gas derived from biomass				
i Compressed gas derived from biomass				

13 Registered Credit Card Issuers Registration No. ▶

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Diesel fuel sold for the exclusive use of a state or local government				
b Kerosene sold for the exclusive use of a state or local government				
c Kerosene for use in aviation sold for the exclusive use of a state or local government taxed at $.219				

14 Nontaxable Use of a Diesel-Water Fuel Emulsion

Caution: There is a reduced credit rate for use in certain intercity and local buses (type of use 5) (see instructions).

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Nontaxable use					
b Exported					

15 Diesel-Water Fuel Emulsion Blending Registration No. ▶

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
Blender credit				

16 Exported Dyed Fuels and Exported Gasoline Blendstocks

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Exported dyed diesel fuel and exported gasoline blendstocks taxed at $.001				
b Exported dyed kerosene				

17	**Total income tax credit claimed.** Add lines 1 through 16, column (d). Enter here and on Form 1040, line 72; Form 1120, Schedule J, line 19b; Form 1120S, line 23c; Form 1041, line 24g; or the proper line of other returns. ▶	17	

SCHEDULE B (Form 1120)
(Rev. December 2014)
Department of the Treasury
Internal Revenue Service

Additional Information for Schedule M-3 Filers

▶ Attach to Form 1120.
▶ See instructions on page 2.

OMB No. 1545-0123

Name: Kapstone Paper & Packaging Corporation

Employer identification number (EIN): 20-2699372

		Yes	No
1	Does any amount reported on Schedule M-3 (Form 1120), Part II, lines 9 or 10, column (d), reflect allocations to this corporation from a partnership of income, gain, loss, deduction, or credit that are disproportionate to this corporation's capital contribution to the partnership or its ratio for sharing other items of the partnership?		X
2	At any time during the tax year, did the corporation sell, exchange, or transfer any interest in an intangible asset to a related person as defined in section 267(b)?		X
3	At any time during the tax year, did the corporation acquire any interest in an intangible asset from a related person as defined in section 267(b)?		X
4a	During the tax year, did the corporation enter into a cost-sharing arrangement with any related foreign party on whose behalf the corporation did not file Form 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations?		X
b	At any time during the tax year, was the corporation a participant in a cost-sharing arrangement with any related foreign party on whose behalf the corporation did not file Form 5471?		X
5	At any time during the tax year, did the corporation make any change in accounting principle for financial accounting purposes? See instructions for the definition of change in accounting principle		X
6	At any time during the tax year, did the corporation make any change in a method of accounting for U.S. income tax purposes?		X
7	At any time during the tax year, did the corporation own any voluntary employees' beneficiary association (VEBA) trusts that were used to hold funds designated for employee benefits?		X
8	At any time during the tax year, did the corporation use an allocation method for indirect costs capitalized to self-constructed assets that varied from its financial method of accounting?		X
9	At any time during the tax year, did the corporation treat for tax purposes indirect costs, as defined in Regulations sections 1.263A-1(e)(3)(ii)(F), (G), and (H), as mixed-service costs, as defined in Regulations section 1.263A-1(e)(4)(ii)(C)?		X
10	Did the corporation, under section 118 or 362(c) and the related regulations, take a return filing position characterizing any amount as a contribution to the capital of the corporation during the tax year by any non-shareholders? Amounts so characterized may include, without limitation, incentives, inducements, money, and property.		X

Form **851**
(Rev. October 2016)
Department of the Treasury
Internal Revenue Service

Affiliations Schedule

For tax year ending 12/31/2016

▶ File with each consolidated income tax return.

▶ Information about Form 851 and its instructions is at *www.irs.gov/form851*.

OMB No. 1545-0123

Name of common parent corporation: Kapstone Paper & Packaging Corporation

Employer identification number: 20-2699372

Number, street, and room or suite no. If a P.O. box, see instructions.: 1101 Skokie Blvd Suite #300

City or town, state, and ZIP code: Northbrook, IL 60062

Part I Overpayment Credits, Estimated Tax Payments, and Tax Deposits (see instructions)

Corp. No.	Name and address of corporation	Employer identification number	Portion of overpayment credits and estimated tax payments	Portion of tax deposited with Form 7004
1	Common parent corporation		[redacted]	
	Subsidiary corporations:			
2	Kapstone Container Corporation. 1101 Skokie Blvd Suite #300 Northbrook, IL 60062	58-1392513		
3	Kapstone Kraft Paper Corporation 1101 Skokie Blvd Suite #300 Northbrook, IL 60062	20-5229654		
4	Longview Fibre Paper & Packaging, Inc. 1101 Skokie Blvd Suite #300 Northbrook, IL 60062	20-3674771		
5	Victory Packaging L.P. 1101 Skokie Blvd Suite #300 Northbrook, IL 60062	26-0055284		
6	Kapstone Receivables LLC 1101 Skokie Boulevard, Suite 300 Northbrook, IL 60062	30-0838683		
7	Central Florida Box Corporation 2950 Lake Emma Road Lake Mary, FL 32746	59-1887833		
	Totals (Must equal amounts shown on the consolidated tax return.) ▶			

Part II Principal Business Activity, Voting Stock Information, Etc. (see instructions)

Corp. No.	Principal business activity (PBA)	PBA Code No.	Did the subsidiary make any nondividend distributions? Yes	No	Stock holdings at beginning of year: Number of shares	Percentage of voting power	Percentage of value	Owned by corporation no.
1	Common parent corporation HOLDING COMPANY	322100						
	Subsidiary corporations:							
2	PAPER MANUFACTURING	322100		X		100.00 %	%	3
3	PAPER MANUFACTURING	322100		X		100.00 %	%	1
4	PAPER MANUFACTURING	322100		X		100.00 %	%	3
5	Distribution	424100		X		100.00 %	%	3
6	Receivables Securitizatio	523900		X		100.00 %	%	3
7	PAPER MANUFACTURING	322100		X		100.00 %	%	2

Part III Changes in Stock Holdings During the Tax Year

Corp. No.	Name of corporation	Shareholder of Corporation No.	Date of transaction	(a) Changes		(b) Shares held after changes described in column (a)	
				Number of shares acquired	Number of shares disposed of	Percentage of voting power	Percentage of value
6	Kapstone Receivables LLC	3	10/01/2016	100		100.00 %	100.00 %
7	Central Florida Box Corporation	2	07/01/2016	35,000		100.00 %	100.00 %
7	Central Florida Box Corporation	2	07/19/2016		35,000	100.00 %	100.00 %
						%	%
						%	%
						%	%
						%	%
						%	%

(c) If any transaction listed above caused a transfer of a share of subsidiary stock (defined to include dispositions and deconsolidations), did the share's basis exceed its value at the time of the transfer? See instructions . . . . . ☐ Yes ☒ No

(d) Did any share of subsidiary stock become worthless within the meaning of section 165 (taking into account the provisions of Regulations section 1.1502-80(c)) during the taxable year? See instructions . . . . . ☐ Yes ☒ No

(e) If the equitable owners of any capital stock shown above were other than the holders of record, provide details of the changes.

(f) If additional stock was issued, or if any stock was retired during the year, list the dates and amounts of these transactions.

Part IV Additional Stock Information (see instructions)

1 During the tax year, did the corporation have more than one class of stock outstanding? . . . . . ☐ Yes ☒ No

If "Yes," enter the name of the corporation and list and describe each class of stock.

Corp. No.	Name of corporation	Class of stock

2 During the tax year, was there any member of the consolidated group that reaffiliated within 60 months of disaffiliation? . . . . . ☐ Yes ☒ No

If "Yes," enter the name of the corporation(s) and explain the circumstances.

Corp. No.	Name of corporation	Explanation

3 During the tax year, was there any arrangement in existence by which one or more persons that were not members of the affiliated group could acquire any stock, or acquire any voting power without acquiring stock, in the corporation, other than a de minimis amount, from the corporation or another member of the affiliated group? . . . . . ☐ Yes ☒ No

If "Yes," enter the name of the corporation and see the instructions for the percentages to enter in columns (a), (b), and (c).

Corp. No.	Name of corporation	(a) Percentage of value	(b) Percentage of outstanding voting stock	(c) Percentage of voting power
		%	%	%
		%	%	%
		%	%	%
		%	%	%

Corp. No.	(d) Provide a description of any arrangement.

SCHEDULE D (Form 1120)

Department of the Treasury
Internal Revenue Service

Capital Gains and Losses

▶ Attach to Form 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-IC-DISC, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, or certain Forms 990-T.

▶ Information about Schedule D (Form 1120) and its separate instructions is at *www.irs.gov/form1120*.

OMB No. 1545-0123

2016

Name

Kapstone Paper & Packaging Corporation & Subs

Employer identification number

20-2699372

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

See instructions for how to figure the amounts to enter on the lines below.
This form may be easier to complete if you round off cents to whole dollars.

	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
1a Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b				
1b Totals for all transactions reported on Form(s) 8949 with Box A checked				
2 Totals for all transactions reported on Form(s) 8949 with Box B checked				
3 Totals for all transactions reported on Form(s) 8949 with Box C checked				

4	Short-term capital gain from installment sales from Form 6252, line 26 or 37	4
5	Short-term capital gain or (loss) from like-kind exchanges from Form 8824	5
6	Unused capital loss carryover (attach computation)	6
7	Net short-term capital gain or (loss). Combine lines 1a through 6 in column h	7

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

See instructions for how to figure the amounts to enter on the lines below.
This form may be easier to complete if you round off cents to whole dollars.

	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
8a Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b				
8b Totals for all transactions reported on Form(s) 8949 with Box D checked				
9 Totals for all transactions reported on Form(s) 8949 with Box E checked				
10 Totals for all transactions reported on Form(s) 8949 with Box F checked				

11	Enter gain from Form 4797, line 7 or 9	11
12	Long-term capital gain from installment sales from Form 6252, line 26 or 37	12
13	Long-term capital gain or (loss) from like-kind exchanges from Form 8824	13
14	Capital gain distributions (see instructions)	14
15	Net long-term capital gain or (loss). Combine lines 8a through 14 in column h	15

Part III Summary of Parts I and II

16	Enter excess of net short-term capital gain (line 7) over net long-term capital loss (line 15)	16
17	Net capital gain. Enter excess of net long-term capital gain (line 15) over net short-term capital loss (line 7)	17
18	Add lines 16 and 17. Enter here and on Form 1120, page 1, line 8, or the proper line on other returns. If the corporation has qualified timber gain, also complete Part IV	18

Note: If losses exceed gains, see **Capital losses** in the instructions.

Form **8949**

Department of the Treasury
Internal Revenue Service

Sales and Other Dispositions of Capital Assets

▶ Information about Form 8949 and its separate instructions is at *www.irs.gov/form8949*.

▶ File with your Schedule D to list your transactions for lines 1b, 2, 3, 8b, 9, and 10 of Schedule D.

OMB No. 1545-0074

2016

Attachment Sequence No. **12A**

Name(s) shown on return	Social security number or taxpayer identification number
Kapstone Paper & Packaging Corporation & Subs	20-2699372

Before you check Box A, B, or C below, see whether you received any Form(s) 1099-B or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B. Either will show whether your basis (usually your cost) was reported to the IRS by your broker and may even tell you which box to check.

Part I **Short-Term.** Transactions involving capital assets you held 1 year or less are short term. For long-term transactions, see page 2.

Note: You may aggregate all short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the totals directly on Schedule D, line 1a; you aren't required to report these transactions on Form 8949 (see instructions).

You *must* check Box A, B, *or* C below. Check only one box. If more than one box applies for your short-term transactions, complete a separate Form 8949, page 1, for each applicable box. If you have more short-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- ☐ **(A)** Short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see **Note** above)
- ☐ **(B)** Short-term transactions reported on Form(s) 1099-B showing basis **wasn't** reported to the IRS
- ☐ **(C)** Short-term transactions not reported to you on Form 1099-B

1 (a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed of (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis. See the Note below and see *Column (e)* in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See the separate instructions. (f) Code(s) from instructions	(g) Amount of adjustment	(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
[redacted]							

2 Totals. Add the amounts in columns (d), (e), (g), and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, line **1b** (if Box A above is checked), line **2** (if Box B above is checked), or line **3** (if Box C above is checked) ▶	[redacted]

Note: If you checked Box A above but the basis reported to the IRS was incorrect, enter in column (e) the basis as reported to the IRS, and enter an adjustment in column (g) to correct the basis. See *Column (g)* in the separate instructions for how to figure the amount of the adjustment.

Name(s) shown on return. Name and SSN or taxpayer identification no. not required if shown on other side	Social security number or taxpayer identification number
Kapstone Paper & Packaging Corporation & Subs	20-2699372

Before you check Box D, E, or F below, see whether you received any Form(s) 1099-B or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B. Either will show whether your basis (usually your cost) was reported to the IRS by your broker and may even tell you which box to check.

Part II **Long-Term.** Transactions involving capital assets you held more than 1 year are long term. For short-term transactions, see page 1.

Note: You may aggregate all long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the totals directly on Schedule D, line 8a; you aren't required to report these transactions on Form 8949 (see instructions).

You *must* check Box D, E, *or* F below. Check only one box. If more than one box applies for your long-term transactions, complete a separate Form 8949, page 2, for each applicable box. If you have more long-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- [ ] **(D)** Long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see **Note** above)
- [x] **(E)** Long-term transactions reported on Form(s) 1099-B showing basis **wasn't** reported to the IRS
- [ ] **(F)** Long-term transactions not reported to you on Form 1099-B

1 (a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis. See the Note below and see *Column (e)* in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). **See the separate instructions.** (f) Code(s) from instructions	(g) Amount of adjustment	(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
[redacted]							
2 Totals. Add the amounts in columns (d), (e), (g), and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, **line 8b** (if **Box D** above is checked), **line 9** (if **Box E** above is checked), or **line 10** (if **Box F** above is checked) ▶							

Note: If you checked Box D above but the basis reported to the IRS was incorrect, enter in column (e) the basis as reported to the IRS, and enter an adjustment in column (g) to correct the basis. See *Column (g)* in the separate instructions for how to figure the amount of the adjustment.

SCHEDULE M-3 (Form 1120)

Department of the Treasury
Internal Revenue Service

Net Income (Loss) Reconciliation for Corporations With Total Assets of $10 Million or More

▶ Attach to Form 1120 or 1120-C. ▶ Information about Schedule M-3 (Form 1120) and its separate instructions is available at *www.irs.gov/form1120.*

OMB No. 1545-0123

2016

Name of corporation (common parent, if consolidated return)	Employer identification number
Kapstone Paper & Packaging Corporation	20-2699372

Check applicable box(es): (1) ☐ Non-consolidated return (2) ☒ Consolidated return (Form 1120 only)
(3) ☐ Mixed 1120/L/PC group (4) ☐ Dormant subsidiaries schedule attached

Part I Financial Information and Net Income (Loss) Reconciliation (see instructions)

1 a Did the corporation file SEC Form 10-K for its income statement period ending with or within this tax year?
☒ **Yes.** Skip lines 1b and 1c and complete lines 2a through 11 with respect to that SEC Form 10-K.
☐ **No.** Go to line 1b. See instructions if multiple non-tax-basis income statements are prepared.

b Did the corporation prepare a certified audited non-tax-basis income statement for that period?
☐ **Yes.** Skip line 1c and complete lines 2a through 11 with respect to that income statement.
☐ **No.** Go to line 1c.

c Did the corporation prepare a non-tax-basis income statement for that period?
☐ **Yes.** Complete lines 2a through 11 with respect to that income statement.
☐ **No.** Skip lines 2a through 3c and enter the corporation's net income (loss) per its books and records on line 4a.

2 a Enter the income statement period: Beginning 01/01/2016 Ending 12/31/2016

b Has the corporation's income statement been restated for the income statement period on line 2a?
☐ **Yes.** (If "Yes," attach an explanation and the amount of each item restated.)
☒ **No.**

c Has the corporation's income statement been restated for any of the five income statement periods immediately preceding the period on line 2a?
☐ **Yes.** (If "Yes," attach an explanation and the amount of each item restated.)
☒ **No.**

3 a Is any of the corporation's voting common stock publicly traded?
☒ **Yes.**
☐ **No.** If "No," go to line 4a.

b Enter the symbol of the corporation's primary U.S. publicly traded voting common stock . . . . . KPPC

c Enter the nine-digit CUSIP number of the corporation's primary publicly traded voting common stock 48562P103

4 a	Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	4a	[redacted]
b	Indicate accounting standard used for line 4a (see instructions): (1) ☒ GAAP (2) ☐ IFRS (3) ☐ Statutory (4) ☐ Tax-basis (5) ☐ Other (specify) _____		
5 a	Net income from nonincludible foreign entities (attach statement) . . . . . Stmt. 56.	5a	
b	Net loss from nonincludible foreign entities (attach statement and enter as a positive amount)	5b	
6 a	Net income from nonincludible U.S. entities (attach statement)	6a	
b	Net loss from nonincludible U.S. entities (attach statement and enter as a positive amount)	6b	
7 a	Net income (loss) of other includible foreign disregarded entities (attach statement)	7a	
b	Net income (loss) of other includible U.S. disregarded entities (attach statement)	7b	
c	Net income (loss) of other includible entities (attach statement)	7c	
8	Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach statement)	8	
9	Adjustment to reconcile income statement period to tax year (attach statement)	9	
10 a	Intercompany dividend adjustments to reconcile to line 11 (attach statement)	10a	
b	Other statutory accounting adjustments to reconcile to line 11 (attach statement)	10b	
c	Other adjustments to reconcile to amount on line 11 (attach statement)	10c	
11	**Net income (loss) per income statement of includible corporations.** Combine lines 4 through 10	11	

Note. Part I, line 11, must equal Part II, line 30, column (a) or Schedule M-1, line 1 (see instructions).

12 Enter the total amount (not just the corporation's share) of the assets and liabilities of all entities included or removed on the following lines.

		Total Assets	Total Liabilities
a	Included on Part I, line 4 ▶	[redacted]	
b	Removed on Part I, line 5 ▶		
c	Removed on Part I, line 6 ▶		
d	Included on Part I, line 7 ▶		

Name of corporation (common parent, if consolidated return) | Employer identification number

Kapstone Paper & Packaging Corporation | 20-2699372

Check applicable box(es): (1) [X] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [ ] Subsidiary corp (5) [ ] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [ ] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return) | Employer identification number

Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return (see instructions)

Income (Loss) Items (Attach statements for lines 1 through 12)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations				
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships				
10 Income (loss) from foreign partnerships				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions				
13 Interest income (see instructions)				
14 Total accrual to cash adjustment				
15 Hedging transactions				
16 Mark-to-market income (loss)				
17 Cost of goods sold (see instructions)				
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments				
20 Unearned/deferred revenue				
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses				
f Worthless stock losses (attach statement)				
g Other gain/loss on disposition of assets other than inventory				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach statement) STMT 39				
26 Total income (loss) items. Combine lines 1 through 25				
27 Total expense/deduction items (from Part III, line 38)				
28 Other items with no differences				
29a Mixed groups, see instructions. All others, combine lines 26 through 28				
b PC insurance subgroup reconciliation totals				
c Life insurance subgroup reconciliation totals				
30 Reconciliation totals. Combine lines 29a through 29c				

Note. Line 30, column (a), must equal Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

Name of corporation (common parent, if consolidated return) | Employer identification number

Kapstone Paper & Packaging Corporation | 20-2699372

Check applicable box(es): (1) [X] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [ ] Subsidiary corp (5) [ ] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [ ] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return) | Employer identification number

Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense				
2 U.S. deferred income tax expense				
3 State and local current income tax expense				
4 State and local deferred income tax expense				
5 Foreign current income tax expense (other than foreign withholding taxes)				
6 Foreign deferred income tax expense				
7 Foreign withholding taxes				
8 Interest expense (see instructions)				
9 Stock option expense				
10 Other equity-based compensation				
11 Meals and entertainment				
12 Fines and penalties				
13 Judgments, damages, awards, and similar costs				
14 Parachute payments				
15 Compensation with section 162(m) limitation				
16 Pension and profit-sharing				
17 Other post-retirement benefits				
18 Deferred compensation Stmt 66				
19 Charitable contribution of cash and tangible property				
20 Charitable contribution of intangible property				
21 Charitable contribution limitation/carryforward				
22 Domestic production activities deduction				
23 Current year acquisition or reorganization investment banking fees				
24 Current year acquisition or reorganization legal and accounting fees				
25 Current year acquisition/reorganization other costs				
26 Amortization/impairment of goodwill				
27 Amortization of acquisition, reorganization, and start-up costs				
28 Other amortization or impairment write-offs				
29 Reserved				
30 Depletion				
31 Depreciation				
32 Bad debt expense				
33 Corporate owned life insurance premiums				
34 Purchase versus lease (for purchasers and/or lessees)				
35 Research and development costs				
36 Section 118 exclusion (attach statement)				
37 Other expense/deduction items with differences (attach statement) Stmt 67				
38 Total expense/deduction items. Combine lines 1 through 37. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive				

Name of corporation (common parent, if consolidated return) | Employer identification number

Kapstone Paper & Packaging Corporation | 20-2699372

Check applicable box(es): (1) [ ] Consolidated group (2) [X] Parent corp (3) [ ] Consolidated eliminations (4) [ ] Subsidiary corp (5) [ ] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [ ] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return) | Employer identification number

Kapstone Paper & Packaging Corporation | 20-2699372

Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return (see instructions)

Income (Loss) Items (Attach statements for lines 1 through 12)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations				
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships				
10 Income (loss) from foreign partnerships				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions				
13 Interest income (see instructions)				
14 Total accrual to cash adjustment				
15 Hedging transactions				
16 Mark-to-market income (loss)				
17 Cost of goods sold (see instructions)				
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments				
20 Unearned/deferred revenue				
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses				
f Worthless stock losses (attach statement)				
g Other gain/loss on disposition of assets other than inventory				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach statement)				
26 Total income (loss) items. Combine lines 1 through 25				
27 Total expense/deduction items (from Part III, line 38)				
28 Other items with no differences				
29a Mixed groups, see instructions. All others, combine lines 26 through 28				
b PC insurance subgroup reconciliation totals				
c Life insurance subgroup reconciliation totals				
30 Reconciliation totals. Combine lines 29a through 29c				

Note. Line 30, column (a), must equal Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

Name of corporation (common parent, if consolidated return) | Employer identification number

Kapstone Paper & Packaging Corporation | 20-2699372

Check applicable box(es): (1) [ ] Consolidated group (2) [X] Parent corp (3) [ ] Consolidated eliminations (4) [ ] Subsidiary corp (5) [ ] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [ ] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return) | Employer identification number

Kapstone Paper & Packaging Corporation | 20-2699372

Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense				
2 U.S. deferred income tax expense				
3 State and local current income tax expense				
4 State and local deferred income tax expense				
5 Foreign current income tax expense (other than foreign withholding taxes)				
6 Foreign deferred income tax expense				
7 Foreign withholding taxes				
8 Interest expense (see instructions)				
9 Stock option expense				
10 Other equity-based compensation				
11 Meals and entertainment				
12 Fines and penalties				
13 Judgments, damages, awards, and similar costs				
14 Parachute payments				
15 Compensation with section 162(m) limitation				
16 Pension and profit-sharing				
17 Other post-retirement benefits				
18 Deferred compensation				
19 Charitable contribution of cash and tangible property				
20 Charitable contribution of intangible property				
21 Charitable contribution limitation/carryforward				
22 Domestic production activities deduction				
23 Current year acquisition or reorganization investment banking fees				
24 Current year acquisition or reorganization legal and accounting fees				
25 Current year acquisition/reorganization other costs				
26 Amortization/impairment of goodwill				
27 Amortization of acquisition, reorganization, and start-up costs				
28 Other amortization or impairment write-offs				
29 Reserved				
30 Depletion				
31 Depreciation				
32 Bad debt expense				
33 Corporate owned life insurance premiums				
34 Purchase versus lease (for purchasers and/or lessees)				
35 Research and development costs				
36 Section 118 exclusion (attach statement)				
37 Other expense/deduction items with differences (attach statement)				
38 Total expense/deduction items. Combine lines 1 through 37. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive				

Name of corporation (common parent, if consolidated return) | Employer identification number

Kapstone Paper & Packaging Corporation | 20-2699372

Check applicable box(es): (1) ☐ Consolidated group (2) ☐ Parent corp (3) ☐ Consolidated eliminations (4) ☒ Subsidiary corp (5) ☐ Mixed 1120/L/PC group

Check if a sub-consolidated: (6) ☐ 1120 group (7) ☐ 1120 eliminations

Name of subsidiary (if consolidated return) | Employer identification number

Kapstone Container Corporation | 58-1392513

Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return (see instructions)

Income (Loss) Items (Attach statements for lines 1 through 12)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations	[redacted]			
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations				
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships				
10 Income (loss) from foreign partnerships				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions				
13 Interest income (see instructions)				
14 Total accrual to cash adjustment				
15 Hedging transactions				
16 Mark-to-market income (loss)				
17 Cost of goods sold (see instructions)				
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments				
20 Unearned/deferred revenue				
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses				
f Worthless stock losses (attach statement)				
g Other gain/loss on disposition of assets other than inventory				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach statement)				
26 Total income (loss) items. Combine lines 1 through 25				
27 Total expense/deduction items (from Part III, line 38)				
28 Other items with no differences				
29a Mixed groups, see instructions. All others, combine lines 26 through 28				
b PC insurance subgroup reconciliation totals				
c Life insurance subgroup reconciliation totals				
30 Reconciliation totals. Combine lines 29a through 29c				

Note. Line 30, column (a), must equal Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

Name of corporation (common parent, if consolidated return) | Employer identification number

Kapstone Paper & Packaging Corporation | 20-2699372

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [X] Subsidiary corp (5) [ ] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [ ] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return) | Employer identification number

Kapstone Container Corporation | 58-1392513

Part III **Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items** (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense	[redacted]			
2 U.S. deferred income tax expense				
3 State and local current income tax expense				
4 State and local deferred income tax expense				
5 Foreign current income tax expense (other than foreign withholding taxes)				
6 Foreign deferred income tax expense				
7 Foreign withholding taxes				
8 Interest expense (see instructions)				
9 Stock option expense				
10 Other equity-based compensation				
11 Meals and entertainment				
12 Fines and penalties				
13 Judgments, damages, awards, and similar costs				
14 Parachute payments				
15 Compensation with section 162(m) limitation				
16 Pension and profit-sharing				
17 Other post-retirement benefits				
18 Deferred compensation				
19 Charitable contribution of cash and tangible property				
20 Charitable contribution of intangible property				
21 Charitable contribution limitation/carryforward				
22 Domestic production activities deduction				
23 Current year acquisition or reorganization investment banking fees				
24 Current year acquisition or reorganization legal and accounting fees				
25 Current year acquisition/reorganization other costs				
26 Amortization/impairment of goodwill				
27 Amortization of acquisition, reorganization, and start-up costs				
28 Other amortization or impairment write-offs				
29 Reserved				
30 Depletion				
31 Depreciation				
32 Bad debt expense				
33 Corporate owned life insurance premiums				
34 Purchase versus lease (for purchasers and/or lessees)				
35 Research and development costs				
36 Section 118 exclusion (attach statement)				
37 Other expense/deduction items with differences (attach statement)				
38 **Total expense/deduction items.** Combine lines 1 through 37. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive				

Name of corporation (common parent, if consolidated return) | Employer identification number

Kapstone Paper & Packaging Corporation | 20-2699372

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [X] Subsidiary corp (5) [ ] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [ ] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return) | Employer identification number

Kapstone Kraft Paper Corporation | 20-5229654

Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return (see instructions)

Income (Loss) Items (Attach statements for lines 1 through 12)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations				
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships				
10 Income (loss) from foreign partnerships				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions				
13 Interest income (see instructions)				
14 Total accrual to cash adjustment				
15 Hedging transactions				
16 Mark-to-market income (loss)				
17 Cost of goods sold (see instructions)				
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments				
20 Unearned/deferred revenue				
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses				
f Worthless stock losses (attach statement)				
g Other gain/loss on disposition of assets other than inventory				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach statement)				
26 Total income (loss) items. Combine lines 1 through 25				
27 Total expense/deduction items (from Part III, line 38)				
28 Other items with no differences				
29a Mixed groups, see instructions. All others, combine lines 26 through 28				
b PC insurance subgroup reconciliation totals				
c Life insurance subgroup reconciliation totals				
30 Reconciliation totals. Combine lines 29a through 29c				

Note. Line 30, column (a), must equal Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

Name of corporation (common parent, if consolidated return) | Employer identification number

Kapstone Paper & Packaging Corporation | 20-2699372

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [X] Subsidiary corp (5) [ ] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [ ] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return) | Employer identification number

Kapstone Kraft Paper Corporation | 20-5229654

Part III **Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items** (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense				
2 U.S. deferred income tax expense				
3 State and local current income tax expense				
4 State and local deferred income tax expense				
5 Foreign current income tax expense (other than foreign withholding taxes)				
6 Foreign deferred income tax expense				
7 Foreign withholding taxes				
8 Interest expense (see instructions)				
9 Stock option expense				
10 Other equity-based compensation				
11 Meals and entertainment				
12 Fines and penalties				
13 Judgments, damages, awards, and similar costs				
14 Parachute payments				
15 Compensation with section 162(m) limitation				
16 Pension and profit-sharing				
17 Other post-retirement benefits				
18 Deferred compensation				
19 Charitable contribution of cash and tangible property				
20 Charitable contribution of intangible property				
21 Charitable contribution limitation/carryforward				
22 Domestic production activities deduction				
23 Current year acquisition or reorganization investment banking fees				
24 Current year acquisition or reorganization legal and accounting fees				
25 Current year acquisition/reorganization other costs				
26 Amortization/impairment of goodwill				
27 Amortization of acquisition, reorganization, and start-up costs				
28 Other amortization or impairment write-offs				
29 Reserved				
30 Depletion				
31 Depreciation				
32 Bad debt expense				
33 Corporate owned life insurance premiums				
34 Purchase versus lease (for purchasers and/or lessees)				
35 Research and development costs				
36 Section 118 exclusion (attach statement)				
37 Other expense/deduction items with differences (attach statement)				
38 **Total expense/deduction items.** Combine lines 1 through 37. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive				

Name of corporation (common parent, if consolidated return) | Employer identification number

Kapstone Paper & Packaging Corporation | 20-2699372

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [X] Subsidiary corp (5) [ ] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [ ] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return) | Employer identification number

Longview Fibre Paper & Packaging, Inc. | 20-3674771

Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return (see instructions)

Income (Loss) Items (Attach statements for lines 1 through 12)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations				
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships				
10 Income (loss) from foreign partnerships				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions				
13 Interest income (see instructions)				
14 Total accrual to cash adjustment				
15 Hedging transactions				
16 Mark-to-market income (loss)				
17 Cost of goods sold (see instructions)				
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments				
20 Unearned/deferred revenue				
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses				
f Worthless stock losses (attach statement)				
g Other gain/loss on disposition of assets other than inventory				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach statement)				
26 Total income (loss) items. Combine lines 1 through 25				
27 Total expense/deduction items (from Part III, line 38)				
28 Other items with no differences				
29a Mixed groups, see instructions. All others, combine lines 26 through 28				
b PC insurance subgroup reconciliation totals				
c Life insurance subgroup reconciliation totals				
30 Reconciliation totals. Combine lines 29a through 29c				

Note. Line 30, column (a), must equal Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

Name of corporation (common parent, if consolidated return): Kapstone Paper & Packaging Corporation

Employer identification number: 20-2699372

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [X] Subsidiary corp (5) [ ] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [ ] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return): Longview Fibre Paper & Packaging, Inc.

Employer identification number: 20-3674771

Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense	[redacted]			
2 U.S. deferred income tax expense				
3 State and local current income tax expense				
4 State and local deferred income tax expense				
5 Foreign current income tax expense (other than foreign withholding taxes)				
6 Foreign deferred income tax expense				
7 Foreign withholding taxes				
8 Interest expense (see instructions)				
9 Stock option expense				
10 Other equity-based compensation				
11 Meals and entertainment				
12 Fines and penalties				
13 Judgments, damages, awards, and similar costs				
14 Parachute payments				
15 Compensation with section 162(m) limitation				
16 Pension and profit-sharing				
17 Other post-retirement benefits				
18 Deferred compensation				
19 Charitable contribution of cash and tangible property				
20 Charitable contribution of intangible property				
21 Charitable contribution limitation/carryforward				
22 Domestic production activities deduction				
23 Current year acquisition or reorganization investment banking fees				
24 Current year acquisition or reorganization legal and accounting fees				
25 Current year acquisition/reorganization other costs				
26 Amortization/impairment of goodwill				
27 Amortization of acquisition, reorganization, and start-up costs				
28 Other amortization or impairment write-offs				
29 Reserved				
30 Depletion				
31 Depreciation				
32 Bad debt expense				
33 Corporate owned life insurance premiums				
34 Purchase versus lease (for purchasers and/or lessees)				
35 Research and development costs				
36 Section 118 exclusion (attach statement)				
37 Other expense/deduction items with differences (attach statement)				
38 Total expense/deduction items. Combine lines 1 through 37. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive				

Name of corporation (common parent, if consolidated return): Kapstone Paper & Packaging Corporation
Employer identification number: 20-2699372

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [X] Subsidiary corp (5) [ ] Mixed 1120/L/PC group
Check if a sub-consolidated: (6) [ ] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return): Victory Packaging L.P.
Employer identification number: 26-0055284

Part II **Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return** (see instructions)

Income (Loss) Items (Attach statements for lines 1 through 12)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations				
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships				
10 Income (loss) from foreign partnerships				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions				
13 Interest income (see instructions)				
14 Total accrual to cash adjustment				
15 Hedging transactions				
16 Mark-to-market income (loss)				
17 Cost of goods sold (see instructions)				
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments				
20 Unearned/deferred revenue				
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses				
f Worthless stock losses (attach statement)				
g Other gain/loss on disposition of assets other than inventory				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach statement)				
26 Total income (loss) items. Combine lines 1 through 25				
27 Total expense/deduction items (from Part III, line 38)				
28 Other items with no differences				
29a Mixed groups, see instructions. All others, combine lines 26 through 28				
b PC insurance subgroup reconciliation totals				
c Life insurance subgroup reconciliation totals				
30 Reconciliation totals. Combine lines 29a through 29c				

Note. Line 30, column (a), must equal Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

Name of corporation (common parent, if consolidated return): Kapstone Paper & Packaging Corporation

Employer identification number: 20-2699372

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [X] Subsidiary corp (5) [ ] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [ ] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return): Victory Packaging L.P.

Employer identification number: 26-0055284

Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense	[redacted]			
2 U.S. deferred income tax expense				
3 State and local current income tax expense				
4 State and local deferred income tax expense				
5 Foreign current income tax expense (other than foreign withholding taxes)				
6 Foreign deferred income tax expense				
7 Foreign withholding taxes				
8 Interest expense (see instructions)				
9 Stock option expense				
10 Other equity-based compensation				
11 Meals and entertainment				
12 Fines and penalties				
13 Judgments, damages, awards, and similar costs				
14 Parachute payments				
15 Compensation with section 162(m) limitation				
16 Pension and profit-sharing				
17 Other post-retirement benefits				
18 Deferred compensation				
19 Charitable contribution of cash and tangible property				
20 Charitable contribution of intangible property				
21 Charitable contribution limitation/carryforward				
22 Domestic production activities deduction				
23 Current year acquisition or reorganization investment banking fees				
24 Current year acquisition or reorganization legal and accounting fees				
25 Current year acquisition/reorganization other costs				
26 Amortization/impairment of goodwill				
27 Amortization of acquisition, reorganization, and start-up costs				
28 Other amortization or impairment write-offs				
29 Reserved				
30 Depletion				
31 Depreciation				
32 Bad debt expense				
33 Corporate owned life insurance premiums				
34 Purchase versus lease (for purchasers and/or lessees)				
35 Research and development costs				
36 Section 118 exclusion (attach statement)				
37 Other expense/deduction items with differences (attach statement)				
38 **Total expense/deduction items.** Combine lines 1 through 37. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive				

Name of corporation (common parent, if consolidated return) | Employer identification number

Kapstone Paper & Packaging Corporation | 20-2699372

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [X] Subsidiary corp (5) [ ] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [ ] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return) | Employer identification number

Kapstone Receivables LLC | 30-0838683

Part II **Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return** (see instructions)

Income (Loss) Items (Attach statements for lines 1 through 12)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations				
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships				
10 Income (loss) from foreign partnerships				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions				
13 Interest income (see instructions)				
14 Total accrual to cash adjustment				
15 Hedging transactions				
16 Mark-to-market income (loss)				
17 Cost of goods sold (see instructions)				
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments				
20 Unearned/deferred revenue				
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses				
f Worthless stock losses (attach statement)				
g Other gain/loss on disposition of assets other than inventory				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach statement)				
26 Total income (loss) items. Combine lines 1 through 25				
27 Total expense/deduction items (from Part III, line 38)				
28 Other items with no differences				
29a Mixed groups, see instructions. All others, combine lines 26 through 28				
b PC insurance subgroup reconciliation totals				
c Life insurance subgroup reconciliation totals				
30 Reconciliation totals. Combine lines 29a through 29c				

Note. Line 30, column (a), must equal Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

Name of corporation (common parent, if consolidated return) | Employer identification number

Kapstone Paper & Packaging Corporation | 20-2699372

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [X] Subsidiary corp (5) [ ] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [ ] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return) | Employer identification number

Kapstone Receivables LLC | 30-0838683

Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense	[redacted]			
2 U.S. deferred income tax expense				
3 State and local current income tax expense				
4 State and local deferred income tax expense				
5 Foreign current income tax expense (other than foreign withholding taxes)				
6 Foreign deferred income tax expense				
7 Foreign withholding taxes				
8 Interest expense (see instructions)				
9 Stock option expense				
10 Other equity-based compensation				
11 Meals and entertainment				
12 Fines and penalties				
13 Judgments, damages, awards, and similar costs				
14 Parachute payments				
15 Compensation with section 162(m) limitation				
16 Pension and profit-sharing				
17 Other post-retirement benefits				
18 Deferred compensation				
19 Charitable contribution of cash and tangible property				
20 Charitable contribution of intangible property				
21 Charitable contribution limitation/carryforward				
22 Domestic production activities deduction				
23 Current year acquisition or reorganization investment banking fees				
24 Current year acquisition or reorganization legal and accounting fees				
25 Current year acquisition/reorganization other costs				
26 Amortization/impairment of goodwill				
27 Amortization of acquisition, reorganization, and start-up costs				
28 Other amortization or impairment write-offs				
29 Reserved				
30 Depletion				
31 Depreciation				
32 Bad debt expense				
33 Corporate owned life insurance premiums				
34 Purchase versus lease (for purchasers and/or lessees)				
35 Research and development costs				
36 Section 118 exclusion (attach statement)				
37 Other expense/deduction items with differences (attach statement)				
38 **Total expense/deduction items.** Combine lines 1 through 37. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive				

Name of corporation (common parent, if consolidated return) | Employer identification number

Kapstone Paper & Packaging Corporation | 20-2699372

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [X] Consolidated eliminations (4) [ ] Subsidiary corp (5) [ ] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [ ] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return) | Employer identification number

Kapstone Paper and Packaging Corporation-Elim | 99-9999999

Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return (see instructions)

Income (Loss) Items (Attach statements for lines 1 through 12)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations				
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships				
10 Income (loss) from foreign partnerships				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions				
13 Interest income (see instructions)				
14 Total accrual to cash adjustment				
15 Hedging transactions				
16 Mark-to-market income (loss)				
17 Cost of goods sold (see instructions)				
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments				
20 Unearned/deferred revenue				
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses				
f Worthless stock losses (attach statement)				
g Other gain/loss on disposition of assets other than inventory				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach statement)				
26 Total income (loss) items. Combine lines 1 through 25				
27 Total expense/deduction items (from Part III, line 38)				
28 Other items with no differences				
29a Mixed groups, see instructions. All others, combine lines 26 through 28				
b PC insurance subgroup reconciliation totals				
c Life insurance subgroup reconciliation totals				
30 Reconciliation totals. Combine lines 29a through 29c				

Note. Line 30, column (a), must equal Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

Name of corporation (common parent, if consolidated return): Kapstone Paper & Packaging Corporation

Employer identification number: 20-2699372

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [X] Consolidated eliminations (4) [ ] Subsidiary corp (5) [ ] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [ ] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return): Kapstone Paper and Packaging Corporation-Elim

Employer identification number: 99-9999999

Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense	[redacted]			
2 U.S. deferred income tax expense				
3 State and local current income tax expense				
4 State and local deferred income tax expense				
5 Foreign current income tax expense (other than foreign withholding taxes)				
6 Foreign deferred income tax expense				
7 Foreign withholding taxes				
8 Interest expense (see instructions)				
9 Stock option expense				
10 Other equity-based compensation				
11 Meals and entertainment				
12 Fines and penalties				
13 Judgments, damages, awards, and similar costs				
14 Parachute payments				
15 Compensation with section 162(m) limitation				
16 Pension and profit-sharing				
17 Other post-retirement benefits				
18 Deferred compensation				
19 Charitable contribution of cash and tangible property				
20 Charitable contribution of intangible property				
21 Charitable contribution limitation/carryforward				
22 Domestic production activities deduction				
23 Current year acquisition or reorganization investment banking fees				
24 Current year acquisition or reorganization legal and accounting fees				
25 Current year acquisition/reorganization other costs				
26 Amortization/impairment of goodwill				
27 Amortization of acquisition, reorganization, and start-up costs				
28 Other amortization or impairment write-offs				
29 Reserved				
30 Depletion				
31 Depreciation				
32 Bad debt expense				
33 Corporate owned life insurance premiums				
34 Purchase versus lease (for purchasers and/or lessees)				
35 Research and development costs				
36 Section 118 exclusion (attach statement)				
37 Other expense/deduction items with differences (attach statement)				
38 **Total expense/deduction items.** Combine lines 1 through 37. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive.				

Name of corporation (common parent, if consolidated return): Kapstone Paper & Packaging Corporation

Employer identification number: 20-2699372

Check applicable box(es): (1) ☐ Consolidated group (2) ☐ Parent corp (3) ☐ Consolidated eliminations (4) ☐ Subsidiary corp (5) ☐ Mixed 1120/L/PC group

Check if a sub-consolidated: (6) ☐ 1120 group (7) ☐ 1120 eliminations

Name of subsidiary (if consolidated return): Adjustments

Employer identification number:

Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return (see instructions)

Income (Loss) Items (Attach statements for lines 1 through 12)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations				
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships				
10 Income (loss) from foreign partnerships				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions				
13 Interest income (see instructions)				
14 Total accrual to cash adjustment				
15 Hedging transactions				
16 Mark-to-market income (loss)				
17 Cost of goods sold (see instructions)				
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments				
20 Unearned/deferred revenue				
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses				
f Worthless stock losses (attach statement)				
g Other gain/loss on disposition of assets other than inventory				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach statement)				
26 Total income (loss) items. Combine lines 1 through 25				
27 Total expense/deduction items (from Part III, line 38)				
28 Other items with no differences				
29a Mixed groups, see instructions. All others, combine lines 26 through 28				
b PC insurance subgroup reconciliation totals				
c Life insurance subgroup reconciliation totals				
30 Reconciliation totals. Combine lines 29a through 29c				

Note. Line 30, column (a), must equal Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

Name of corporation (common parent, if consolidated return) | Employer identification number

Kapstone Paper & Packaging Corporation | 20-2699372

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [ ] Subsidiary corp (5) [ ] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [ ] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return) | Employer identification number

Adjustments

Part III **Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items** (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense	[redacted]			
2 U.S. deferred income tax expense				
3 State and local current income tax expense				
4 State and local deferred income tax expense				
5 Foreign current income tax expense (other than foreign withholding taxes)				
6 Foreign deferred income tax expense				
7 Foreign withholding taxes				
8 Interest expense (see instructions)				
9 Stock option expense				
10 Other equity-based compensation				
11 Meals and entertainment				
12 Fines and penalties				
13 Judgments, damages, awards, and similar costs				
14 Parachute payments				
15 Compensation with section 162(m) limitation				
16 Pension and profit-sharing				
17 Other post-retirement benefits				
18 Deferred compensation				
19 Charitable contribution of cash and tangible property				
20 Charitable contribution of intangible property				
21 Charitable contribution limitation/carryforward				
22 Domestic production activities deduction				
23 Current year acquisition or reorganization investment banking fees				
24 Current year acquisition or reorganization legal and accounting fees				
25 Current year acquisition/reorganization other costs				
26 Amortization/impairment of goodwill				
27 Amortization of acquisition, reorganization, and start-up costs				
28 Other amortization or impairment write-offs				
29 Reserved				
30 Depletion				
31 Depreciation				
32 Bad debt expense				
33 Corporate owned life insurance premiums				
34 Purchase versus lease (for purchasers and/or lessees)				
35 Research and development costs				
36 Section 118 exclusion (attach statement)				
37 Other expense/deduction items with differences (attach statement)				
38 Total expense/deduction items. Combine lines 1 through 37. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive				

SUPPORTS CREDIT CLAIMED AGAINST REGULAR TAX

Form **1118**
(Rev. December 2015)
Department of the Treasury
Internal Revenue Service

Foreign Tax Credit - Corporations

▶ Information about Form 1118 and its separate instructions is at *www.irs.gov/form1118.*
▶ Attach to the corporation's tax return.

For calendar year 2016 , or other tax year beginning , and ending

OMB No. 1545-0123

Name of corporation: Kapstone Paper & Packaging Corporation & Subs

Employer identification number: 20-2699372

Use a separate Form 1118 for each applicable category of income listed below. See **Categories of Income** in the instructions. Also, see **Specific Instructions.**
Check only one box on each form.

☐ Passive Category Income
☐ Section 901(j) Income: Name of Sanctioned Country ▶ _____
☒ General Category Income
☐ Income Re-sourced by Treaty: Name of Country ▶ _____

Schedule A **Income or (Loss) Before Adjustments** *(Report all amounts in U.S. dollars. See Specific Instructions.)*

	1. Foreign Country or U.S. Possession (Enter two-letter code; see instructions. Use a separate line for each.) *	Gross Income or (Loss) From Sources Outside the United States (*INCLUDE* Foreign Branch Gross Income here *and* on Schedule F)							
		2. Deemed Dividends (see instructions)		3. Other Dividends		4. Interest	5. Gross Rents, Royalties, and License Fees	6. Gross Income From Performance of Services	7. Other (attach schedule)	8. Total (add columns 2(a) through 7)
		(a) Exclude gross-up	(b) Gross-up (sec. 78)	(a) Exclude gross-up	(b) Gross-up (sec. 78)					
A	HK	[redacted]								
B	BE									
C	OC									
Totals (add lines A through F)										

* For section 863(b) income, NOLs, income from RICs, and high-taxed income, use a single line (see instructions).

	Deductions (*INCLUDE* Foreign Branch Deductions here *and* on Schedule F)								
	9. Definitely Allocable Deductions					10. Apportioned Share of Deductions Not Definitely Allocable (enter amount from applicable line of Schedule H, Part II, column (d))	11. Net Operating Loss Deduction	12. Total Deductions (add columns 9(e) through 11)	13. Total Income or (Loss) Before Adjustments (subtract column 12 from column 8)
	Rental, Royalty, and Licensing Expenses		(c) Expenses Related to Gross Income From Performance of Services	(d) Other Definitely Allocable Deductions	(e) Total Definitely Allocable Deductions (add columns 9(a) through 9(d))				
	(a) Depreciation, Depletion, and Amortization	(b) Other Expenses							
A	[redacted]								
B									
C									
Totals									

For Paperwork Reduction Act Notice, see separate instructions.

Form **1118** (Rev. 12-2015)

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Schedule B **Foreign Tax Credit** *(Report all foreign tax amounts in U.S. dollars.)*

Part I - Foreign Taxes Paid, Accrued, and Deemed Paid *(see instructions)*

	1. Credit is Claimed for Taxes (check one): ☐ Paid ☒ Accrued		2. Foreign Taxes Paid or Accrued (attach schedule showing amounts in foreign currency and conversion rate(s) used)								3. Tax Deemed Paid (from Schedule C - Part I, column 12, Part II, column 8(b), and Part III, column 8)
			Tax Withheld at Source on:			Other Foreign Taxes Paid or Accrued on:				(h) Total Foreign Taxes Paid or Accrued (add columns 2(a) through 2(g))	
	Date Paid	Date Accrued	(a) Dividends	(b) Interest	(c) Rents, Royalties, and License Fees	(d) Section 863(b) Income	(e) Foreign Branch Income	(f) Services Income	(g) Other		
A		12/31/2016	[redacted]								
B		12/31/2016									
C											
Totals (add lines A through F)											

Part II - Separate Foreign Tax Credit *(Complete a **separate** Part II for **each** applicable category of income.)*

1a	Total foreign taxes paid or accrued (total from Part I, column 2(h))	[redacted]
b	Foreign taxes paid or accrued by the corporation during prior tax years that were suspended due to the rules of section 909 and for which the related income is taken into account by the corporation during the current tax year (see instructions)	
2	Total taxes deemed paid (total from Part I, column 3)	
3	Reductions of taxes paid, accrued, or deemed paid (enter total from Schedule G)	(
4	Taxes reclassified under high-tax kickout	
5	Enter the sum of any carryover of foreign taxes (from Schedule K, line 3, column (xiv) and from Schedule I, Part III, line 3) plus any carrybacks to the current tax year	
6	Total foreign taxes (combine lines 1a through 5)	
7	Enter the amount from the applicable column of Schedule J, Part I, line 11 (see instructions). If Schedule J is **not** required to be completed, enter the result from the "Totals" line of column 13 of the applicable Schedule A	
8a	Total taxable income from all sources (enter taxable income from the corporation's tax return)	[redacted]
b	Adjustments to line 8a (see instructions)	
c	Subtract line 8b from line 8a	
9	Divide line 7 by line 8c. Enter the resulting fraction as a decimal (see instructions). If line 7 is greater than line 8c, enter 1	
10	Total U.S. income tax against which credit is allowed (regular tax liability (see section 26(b)) minus American Samoa economic development credit)	
11	Credit limitation (multiply line 9 by line 10) (see instructions)	
12	**Separate foreign tax credit** (enter the smaller of line 6 or line 11 here and on the appropriate line of Part III)	

Part III - Summary of Separate Credits (Enter amounts from Part II, line 12 for **each** applicable category of income. **Do not** include taxes paid to sanctioned countries.)

1	Credit for taxes on passive category income	[redacted]
2	Credit for taxes on general category income	
3	Credit for taxes on income re-sourced by treaty (combine all such credits on this line)	
4	Total (add lines 1 through 3)	
5	Reduction in credit for international boycott operations (see instructions)	
6	**Total foreign tax credit** (subtract line 5 from line 4). Enter here and on the appropriate line of the corporation's tax return	

Schedule C **Tax Deemed Paid by Domestic Corporation Filing Return**

Use this schedule to figure the tax deemed paid by the corporation with respect to dividends from a first-tier foreign corporation under section 902(a), and deemed inclusions of earnings from a first- or lower-tier foreign corporation under section 960(a). Report all amounts in U.S. dollars unless otherwise specified.

Part I - Dividends and Deemed Inclusions From Post-1986 Undistributed Earnings

1a. Name of Foreign Corporation (Identify DISCs and former DISCs)	1b. EIN (if any) of the foreign corporation	1c. Reference ID number (see instructions)	2. Tax Year End (Yr-Mo) (see instructions)	3. Country of Incorporation (enter country code - see instructions)	4. Post-1986 Undistributed Earnings (in functional currency - attach schedule)	5. Opening Balance in Post-1986 Foreign Income Taxes	6. Foreign Taxes Paid and Deemed Paid for Tax Year Indicated	
							(a) Taxes Paid	(b) Taxes Deemed Paid (see instructions)
Kapstone Asia Limited	FOREIGNUS	KAL	12/31/2016	HK	[redacted]			
Kapstone Asia Limited	FOREIGNUS	KAL	12/31/2016	HK				
Kapstone Europe SPRL	FOREIGNUS	KES	12/31/2016	BE				

7. Post-1986 Foreign Income Taxes (add columns 5, 6(a), and 6(b))	8. Dividends and Deemed Inclusions		9. Divide column 8(a) by column 4	10. Multiply column 7 by column 9	11. Section 960(c) Limitation	12. Tax Deemed Paid (subtract column 11 from column 10)
	(a) Functional Currency	(b) U.S. Dollars				
[redacted]						

Total (Add amounts in column 12. Enter the result here and include on "Totals" line of Schedule B, Part I, column 3.) ▶ [redacted]

Schedule H **Apportionment of Deductions Not Definitely Allocable** *(complete only once)*

Part I - Research and Development Deductions

	(a) Sales Method				(b) Gross Income Method - Check method used: Option 1 x Option 2				(c) Total R&D Deductions Not Definitely Allocable (enter the sum of all amounts entered in all
	Product line #1 (SIC Code:) *		Product line #2 (SIC Code:) *		Product line #1 (SIC Code: 0000) *		Product line #2 (SIC Code:) *		
	(i) Gross Sales	(ii) R&D Deductions	(iii) Gross Sales	(iv) R&D Deductions	(v) Gross Income	(vi) R&D Deductions	(vii) Gross Income	(viii) R&D Deductions	
1 Totals (see instructions)	[redacted]								
2 Total to be apportioned									
3 Apportionment among statutory groupings:									
a General category income									
b Passive category income									
c Section 901(j) income*									
d Income re-sourced by treaty*									
4 Total foreign (add lines 3a through 3d)									

* **Important:** *See **Computer-Generated Schedule H** in instructions.*

Schedule H **Apportionment of Deductions Not Definitely Allocable** *(continued)*

Part II - Interest Deductions, All Other Deductions, and Total Deductions

	(a) Average Value of Assets - Check method used: ☐ Fair market value ☒ Tax book value ☐ Alternative tax book value		(b) Interest Deductions		(c) All Other Deductions Not Definitely Allocable	(d) Totals (add the corresponding amounts from column (c), Part I; columns (b)(iii) and (b)(iv), Part II; and column (c), Part II). Enter each amount from lines 3a through 3d below in column 10 of the corresponding Schedule A.
	(i) Nonfinancial Corporations	(ii) Financial Corporations	(iii) Nonfinancial Corporations	(iv) Financial Corporations		
1a Totals (see instructions)	[redacted]					
b Amounts specifically allocable under Temp. Regs. 1.861-10T(e)						
c Other specific allocations under Temp. Regs. 1.861-10T						
d Assets excluded from apportionment formula						
2 Total to be apportioned (subtract the sum of lines 1b, 1c, and 1d from line 1a)						
3 Apportionment among statutory groupings:						
a General category income						
b Passive category income						
c Section 901(j) income*						
d Income re-sourced by treaty*						
4 Total foreign (add lines 3a through 3d)						

* Important: *See Computer-Generated Schedule H in instructions.*

Schedule J (Form 1118)

(Rev. September 2016)

Department of the Treasury
Internal Revenue Service

Adjustments to Separate Limitation Income (Loss) Categories for Determining Numerators of Limitation Fractions, Year-End Recharacterization Balances, and Overall Foreign and Domestic Loss Account Balances

For calendar year 2016, or other tax year beginning _____, 20____
and ending _____

▶ Attach to Form 1118. For Paperwork Reduction Act Notice, see the Instructions for Form 1118.

OMB No. 1545-0123

Name of corporation: Kapstone Paper & Packaging Corporation & Subs

Employer identification number: 20-2699372

Part I Adjustments to Separate Limitation Income or (Losses) in Determining Numerators of Limitation Fractions (see instructions)

		(i) General category income	(ii) Passive category income	(iii) Other income*	(iv) U.S. income
1	Income or (loss) before adjustments	[redacted]			
2	Allocation of separate limitation losses:				
a	General category income				
b	Passive category income				
c	Other income*				
3	**Subtotal** - Combine lines 1 through 2c.				
4	Allocation of overall foreign losses				
5	Allocation of domestic losses				
6	**Subtotal** - Combine lines 3 through 5.				
7	Recapture of overall foreign losses				
8	**Subtotal** - Combine lines 6 and 7.				
9	Recharacterization of separate limitation income:				
a	General category income				
b	Passive category income				
c	Other income*				
10	Recapture of overall domestic losses				
11	**Numerator of Limitation Fraction** - Combine lines 8 through 10. Enter each result here and on Schedule B, Part II, line 7, of corresponding Form 1118.				

Part II Year-End Balances of Future Separate Limitation Income That Must Be Recharacterized (section 904(f)(5)(C))

a	General category income	[redacted]
b	Passive category income	
c	Other income*	

Part III Overall Foreign Loss Account Balances (section 904(f)(1))

*Complete for **each** separate limitation income category.*

1	Beginning balance	[redacted]
2	Current year additions	
3	Current year reductions (other than recapture)	(
4	Current year recapture (from Part I, line 7)	(
5	**Ending balance** - Combine lines 1 through 4.	

Part IV Overall Domestic Loss Account Balances (section 904(g)(1))

1	Beginning balance	[redacted]
2	Current year additions	
3	Current year reductions (other than recapture)	(
4	**Subtotal** - Combine lines 1 through 3.	
5	Current year recapture (from Part I, line 10)	
6	**Ending balance** - Subtract line 5 from line 4.	

* **Important:** See ***Computer-Generated Schedule J*** in instructions.

SUPPORTS CREDIT CLAIMED AGAINST REGULAR TAX

SUPPORTS CREDIT CLAIMED AGAINST REGULAR TAX

SCHEDULE K (Form 1118)

(December 2009)

Department of the Treasury
Internal Revenue Service

Foreign Tax Carryover Reconciliation Schedule

For calendar year 20 16, or other tax year beginning _____, 20____, and ending _____, 20____

▶ See separate instructions.
▶ Attach to Form 1118.

OMB No. 1545-0122

Name of corporation

Kapstone Paper & Packaging Corporation & Subs

Employer identification number

20-2699372

Use a separate Schedule K (Form 1118) for each category of income listed below. Check only one box on each schedule.

- [ ] Passive Category Income
- [X] General Category Income
- [ ] Section 901(j) Income: Name of Sanctioned Country ▶ _____
- [ ] Income Re-sourced by Treaty: Name of Country ▶ _____

Foreign Tax Carryover Reconciliation	(i) 10th Preceding Tax Year	(ii) 9th Preceding Tax Year	(iii) 8th Preceding Tax Year	(iv) 7th Preceding Tax Year	(v) 6th Preceding Tax Year	(vi) 5th Preceding Tax Year	(vii) Subtotal (add columns (i) through (vi))
1 Foreign tax carryover from the prior tax year (enter the amount from line 6 of the worksheet in the instructions)							
2 Adjustments to line 1 (enter description - see instructions):							
a Carryback adjustment (see instructions)							
b Adjustments for section 905(c) redeterminations (see instructions)							
c							
d							
e							
f							
g							
3 Adjusted foreign tax carryover from prior tax year (combine lines 1 and 2).							
4 Foreign tax carryover utilized in current tax year (enter as a negative number)							
5 Foreign tax carryover expired unused in current tax year (enter as a negative number)							
6 Foreign tax carryover generated in current tax year							
7 Actual or estimated amount of line 6 to be carried back to prior tax year (enter as a negative number)							
8 Foreign tax carryover to the following tax year. Combine lines 3 through 7.							

For Paperwork Reduction Act Notice, see the instructions for Form 1118.

Schedule K (Form 1118) (12-2009)

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Foreign Tax Carryover Reconciliation (continued)	(viii) Subtotal from page 1 (enter the amounts from column (vii) on page 1)	(ix) 4th Preceding Tax Year	(x) 3rd Preceding Tax Year	(xi) 2nd Preceding Tax Year	(xii) 1st Preceding Tax Year	(xiii) Current Tax Year	(xiv) Totals (add columns (viii) through (xiii))
1 Foreign tax carryover from the prior tax year (enter the amount from line 6 of the worksheet in the instructions)							
2 Adjustments to line 1 (enter description - see instructions):							
a Carryback adjustment (see instructions)							
b Adjustments for section 905(c) redeterminations (see instructions)							
c							
d							
e							
f							
g							
3 Adjusted foreign tax carryover from prior tax year (combine lines 1 and 2). Enter the column (xiv) total on the current year Form 1118, Schedule B, Part II, line 5.							
4 Foreign tax carryover utilized in current tax year (enter as a negative number)							
5 Foreign tax carryover expired unused in current tax year (enter as a negative number)							
6 Foreign tax carryover generated in current tax year							
7 Actual or estimated amount of line 6 to be carried back to prior tax year (enter as a negative number)							
8 Foreign tax carryover to the following tax year. Combine lines 3 through 7.							

SUPPORTS CREDIT CLAIMED AGAINST ALTERNATIVE MINIMUM TAX

Form **1118**
(Rev. December 2015)
Department of the Treasury
Internal Revenue Service

Foreign Tax Credit - Corporations

▶ **Information about Form 1118 and its separate instructions is at *www.irs.gov/form1118.***
▶ **Attach to the corporation's tax return.**
For calendar year 2016 , or other tax year beginning , and ending

OMB No. 1545-0123

Name of corporation: Kapstone Paper & Packaging Corporation & Subs

Employer identification number: 20-2699372

Use a **separate** Form 1118 for each applicable category of income listed below. See **Categories of Income** in the instructions. Also, see **Specific Instructions.**
Check only one box on each form.

☐ Passive Category Income
☐ Section 901(j) Income: Name of Sanctioned Country ▶
☒ General Category Income
☐ Income Re-sourced by Treaty: Name of Country ▶

Schedule A **Income or (Loss) Before Adjustments** *(Report all amounts in U.S. dollars. See **Specific Instructions.**)*

	1. Foreign Country or U.S. Possession (Enter two-letter code; see instructions. Use a separate line for each.) *	Gross Income or (Loss) From Sources Outside the United States (*INCLUDE* Foreign Branch Gross Income here *and* on Schedule F)								
		2. Deemed Dividends (see instructions)		3. Other Dividends		4. Interest	5. Gross Rents, Royalties, and License Fees	6. Gross Income From Performance of Services	7. Other (attach schedule)	8. Total (add columns 2(a) through 7)
		(a) Exclude gross-up	(b) Gross-up (sec. 78)	(a) Exclude gross-up	(b) Gross-up (sec. 78)					
A	HK									
B	BE									
C	OC									
Totals (add lines A through F)										

* For section 863(b) income, NOLs, income from RICs, and high-taxed income, use a single line (see instructions).

	Deductions (*INCLUDE* Foreign Branch Deductions here *and* on Schedule F)								
	9. Definitely Allocable Deductions					10. Apportioned Share of Deductions Not Definitely Allocable (enter amount from applicable line of Schedule H, Part II, column (d))	11. Net Operating Loss Deduction	12. Total Deductions (add columns 9(e) through 11)	13. Total Income or (Loss) Before Adjustments (subtract column 12 from column 8)
	Rental, Royalty, and Licensing Expenses		(c) Expenses Related to Gross Income From Performance of Services	(d) Other Definitely Allocable Deductions	(e) Total Definitely Allocable Deductions (add columns 9(a) through 9(d))				
	(a) Depreciation, Depletion, and Amortization	(b) Other Expenses							
A									
B									
C									
Totals									

For Paperwork Reduction Act Notice, see separate instructions.

Form **1118** (Rev. 12-2015)

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SUPPORTS CREDIT CLAIMED AGAINST ALTERNATIVE MINIMUM TAX

Schedule B **Foreign Tax Credit** *(Report all foreign tax amounts in U.S. dollars.)*

Part I - Foreign Taxes Paid, Accrued, and Deemed Paid *(see instructions)*

	1. Credit is Claimed for Taxes (check one): ☐ Paid ☒ Accrued		2. Foreign Taxes Paid or Accrued (attach schedule showing amounts in foreign currency and conversion rate(s) used)								3. Tax Deemed Paid (from Schedule C - Part I, column 12, Part II, column 8(b), and Part III, column 8)
			Tax Withheld at Source on:			Other Foreign Taxes Paid or Accrued on:				(h) Total Foreign Taxes Paid or Accrued (add columns 2(a) through 2(g))	
	Date Paid	Date Accrued	(a) Dividends	(b) Interest	(c) Rents, Royalties, and License Fees	(d) Section 863(b) Income	(e) Foreign Branch Income	(f) Services Income	(g) Other		
A		12/31/2016	[redacted]								
B		12/31/2016									
C											
Totals (add lines A through F)											

Part II - Separate Foreign Tax Credit *(Complete a **separate** Part II for **each** applicable category of income.)*

1a	Total foreign taxes paid or accrued (total from Part I, column 2(h))	[redacted]
b	Foreign taxes paid or accrued by the corporation during prior tax years that were suspended due to the rules of section 909 and for which the related income is taken into account by the corporation during the current tax year (see instructions)	
2	Total taxes deemed paid (total from Part I, column 3)	
3	Reductions of taxes paid, accrued, or deemed paid (enter total from Schedule G)	(
4	Taxes reclassified under high-tax kickout	
5	Enter the sum of any carryover of foreign taxes (from Schedule K, line 3, column (xiv) and from Schedule I, Part III, line 3) plus any carrybacks to the current tax year	
6	Total foreign taxes (combine lines 1a through 5)	
7	Enter the amount from the applicable column of Schedule J, Part I, line 11 (see instructions). If Schedule J is **not** required to be completed, enter the result from the "Totals" line of column 13 of the applicable Schedule A	
8a	Total taxable income from all sources (enter taxable income from the corporation's tax return)	[redacted]
b	Adjustments to line 8a (see instructions)	
c	Subtract line 8b from line 8a	
9	Divide line 7 by line 8c. Enter the resulting fraction as a decimal (see instructions). If line 7 is greater than line 8c, enter 1	
10	Total U.S. income tax against which credit is allowed (regular tax liability (see section 26(b)) minus American Samoa economic development credit)	
11	Credit limitation (multiply line 9 by line 10) (see instructions)	
12	**Separate foreign tax credit** (enter the smaller of line 6 or line 11 here and on the appropriate line of Part III)	

Part III - Summary of Separate Credits (Enter amounts from Part II, line 12 for **each** applicable category of income. **Do not** include taxes paid to sanctioned countries.)

1	Credit for taxes on passive category income	[redacted]
2	Credit for taxes on general category income	
3	Credit for taxes on income re-sourced by treaty (combine all such credits on this line)	
4	Total (add lines 1 through 3)	
5	Reduction in credit for international boycott operations (see instructions)	
6	**Total foreign tax credit** (subtract line 5 from line 4). Enter here and on the appropriate line of the corporation's tax return	

SUPPORTS CREDIT CLAIMED AGAINST ALTERNATIVE MINIMUM TAX

Schedule C **Tax Deemed Paid by Domestic Corporation Filing Return**

Use this schedule to figure the tax deemed paid by the corporation with respect to dividends from a first-tier foreign corporation under section 902(a), and deemed inclusions of earnings from a first- or lower-tier foreign corporation under section 960(a). Report all amounts in U.S. dollars unless otherwise specified.

Part I - Dividends and Deemed Inclusions From Post-1986 Undistributed Earnings

1a. Name of Foreign Corporation (identify DISCs and former DISCs)	1b. EIN (if any) of the foreign corporation	1c. Reference ID number (see instructions)	2. Tax Year End (Yr-Mo) (see instructions)	3. Country of Incorporation (enter country code - see instructions)	4. Post-1986 Undistributed Earnings (in functional currency - attach schedule)	5. Opening Balance in Post-1986 Foreign Income Taxes	6. Foreign Taxes Paid and Deemed Paid for Tax Year Indicated	
							(a) Taxes Paid	(b) Taxes Deemed Paid (see instructions)
Kapstone Asia Limited	FOREIGNUS	KAL	12/31/2016	HK	[redacted]			
Kapstone Asia Limited	FOREIGNUS	KAL	12/31/2016	HK				
Kapstone Europe SPRL	FOREIGNUS	KES	12/31/2016	BE				

7. Post-1986 Foreign Income Taxes (add columns 5, 6(a), and 6(b))	8. Dividends and Deemed Inclusions		9. Divide column 8(a) by column 4	10. Multiply column 7 by column 9	11. Section 960(c) Limitation	12. Tax Deemed Paid (subtract column 11 from column 10)
	(a) Functional Currency	(b) U.S. Dollars				
[redacted]						

Total (Add amounts in column 12. Enter the result here and include on "Totals" line of Schedule B, Part I, column 3.) . . . . . ▶ [redacted]

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SUPPORTS CREDIT CLAIMED AGAINST ALTERNATIVE MINIMUM TAX

Schedule H **Apportionment of Deductions Not Definitely Allocable** *(complete only once)*

Part I - Research and Development Deductions

	(a) Sales Method				(b) Gross Income Method - Check method used: Option 1 [ ] Option 2 [X]				(c) Total R&D Deductions Not Definitely Allocable (enter the sum of all amounts entered in all
	Product line #1 (SIC Code:) *		Product line #2 (SIC Code:) *		Product line #1 (SIC Code: 0000) *		Product line #2 (SIC Code:) *		
	(i) Gross Sales	(ii) R&D Deductions	(iii) Gross Sales	(iv) R&D Deductions	(v) Gross Income	(vi) R&D Deductions	(vii) Gross Income	(viii) R&D Deductions	
1 Totals (see instructions)	[redacted]								
2 Total to be apportioned									
3 Apportionment among statutory groupings:									
a General category income									
b Passive category income									
c Section 901(j) income*									
d Income re-sourced by treaty*									
4 Total foreign (add lines 3a through 3d)									

* Important: *See **Computer-Generated Schedule H** in instructions.*

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Schedule H **Apportionment of Deductions Not Definitely Allocable** *(continued)*

Part II - Interest Deductions, All Other Deductions, and Total Deductions

	(a) Average Value of Assets - Check method used: ☐ Fair market value ☒ Tax book value ☐ Alternative tax book value		(b) Interest Deductions		(c) All Other Deductions Not Definitely Allocable	(d) Totals (add the corresponding amounts from column (c), Part I; columns (b)(iii) and (b)(iv), Part II; and column (c), Part II). Enter each amount from lines 3a through 3d below in column 10 of the corresponding Schedule A.
	(i) Nonfinancial Corporations	(ii) Financial Corporations	(iii) Nonfinancial Corporations	(iv) Financial Corporations		
1a Totals (see instructions)	[redacted]					
b Amounts specifically allocable under Temp. Regs. 1.861-10T(e)						
c Other specific allocations under Temp. Regs. 1.861-10T						
d Assets excluded from apportionment formula						
2 Total to be apportioned (subtract the sum of lines 1b, 1c, and 1d from line 1a)						
3 Apportionment among statutory groupings:						
a General category income						
b Passive category income						
c Section 901(j) income*						
d Income re-sourced by treaty*						
4 Total foreign (add lines 3a through 3d)						

* Important: *See **Computer-Generated Schedule H** in instructions.*

Schedule J (Form 1118)

(Rev. September 2016)

Department of the Treasury
Internal Revenue Service

Adjustments to Separate Limitation Income (Loss) Categories for Determining Numerators of Limitation Fractions, Year-End Recharacterization Balances, and Overall Foreign and Domestic Loss Account Balances

For calendar year 2016, or other tax year beginning _____, 20____, and ending _____

▶ Attach to Form 1118. For Paperwork Reduction Act Notice, see the Instructions for Form 1118.

OMB No. 1545-0123

Name of corporation: Kapstone Paper & Packaging Corporation & Subs

Employer identification number: 20-2699372

Part I Adjustments to Separate Limitation Income or (Losses) in Determining Numerators of Limitation Fractions (see instructions)

		(i) General category income	(ii) Passive category income	(iii) Other income*	(iv) U.S. income
1	Income or (loss) before adjustments				
2	Allocation of separate limitation losses:				
a	General category income				
b	Passive category income	(			
c	Other income*	(			
3	**Subtotal** - Combine lines 1 through 2c.				
4	Allocation of overall foreign losses				
5	Allocation of domestic losses	(			
6	**Subtotal** - Combine lines 3 through 5.				
7	Recapture of overall foreign losses	(			
8	**Subtotal** - Combine lines 6 and 7.				
9	Recharacterization of separate limitation income:				
a	General category income	(			
b	Passive category income				
c	Other income*				
10	Recapture of overall domestic losses				
11	**Numerator of Limitation Fraction** - Combine lines 8 through 10. Enter each result here and on Schedule B, Part II, line 7, of corresponding Form 1118.				

Part II Year-End Balances of Future Separate Limitation Income That Must Be Recharacterized (section 904(f)(5)(C))

a	General category income				
b	Passive category income				
c	Other income*				

Part III Overall Foreign Loss Account Balances (section 904(f)(1))

*Complete for **each** separate limitation income category.*

1	Beginning balance				
2	Current year additions				
3	Current year reductions (other than recapture)	(			
4	Current year recapture (from Part I, line 7)	(			
5	**Ending balance** - Combine lines 1 through 4.				

Part IV Overall Domestic Loss Account Balances (section 904(g)(1))

1	Beginning balance				
2	Current year additions				
3	Current year reductions (other than recapture)	(			
4	**Subtotal** - Combine lines 1 through 3.				
5	Current year recapture (from Part I, line 10)				
6	**Ending balance** - Subtract line 5 from line 4.				

* **Important:** See ***Computer-Generated Schedule J*** in instructions.

SUPPORTS CREDIT CLAIMED AGAINST ALTERNATIVE MINIMUM TAX

SUPPORTS CREDIT CLAIMED AGAINST ALTERNATIVE MINIMUM TAX

SCHEDULE K (Form 1118)

(December 2009)

Department of the Treasury
Internal Revenue Service

Foreign Tax Carryover Reconciliation Schedule

For calendar year 20 16 _ _ _, or other tax year beginning _ _ _ _ _, 20 _ _ _ _, and ending _ _ _ _ _, 20 _ _ _ _

▶ See separate instructions.
▶ Attach to Form 1118.

OMB No. 1545-0122

Name of corporation

Kapstone Paper & Packaging Corporation & Subs

Employer identification number

20-2699372

Use a separate Schedule K (Form 1118) for each category of income listed below. Check only one box on each schedule.

- [ ] Passive Category Income
- [X] General Category Income
- [ ] Section 901(j) Income: Name of Sanctioned Country ▶ _____
- [ ] Income Re-sourced by Treaty: Name of Country ▶ _____

Foreign Tax Carryover Reconciliation	(i) 10th Preceding Tax Year	(ii) 9th Preceding Tax Year	(iii) 8th Preceding Tax Year	(iv) 7th Preceding Tax Year	(v) 6th Preceding Tax Year	(vi) 5th Preceding Tax Year	(vii) Subtotal (add columns (i) through (vi))
1 Foreign tax carryover from the prior tax year (enter the amount from line 6 of the worksheet in the instructions)							
2 Adjustments to line 1 (enter description - see instructions):							
a Carryback adjustment (see instructions)							
b Adjustments for section 905(c) redeterminations (see instructions)							
c							
d							
e							
f							
g							
3 Adjusted foreign tax carryover from prior tax year (combine lines 1 and 2).							
4 Foreign tax carryover utilized in current tax year (enter as a negative number)							
5 Foreign tax carryover expired unused in current tax year (enter as a negative number)							
6 Foreign tax carryover generated in current tax year							
7 Actual or estimated amount of line 6 to be carried back to prior tax year (enter as a negative number)							
8 Foreign tax carryover to the following tax year. Combine lines 3 through 7.							

For Paperwork Reduction Act Notice, see the instructions for Form 1118.

Schedule K (Form 1118) (12-2009)

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Foreign Tax Carryover Reconciliation (continued)	(viii) Subtotal from page 1 (enter the amounts from column (vii) on page 1)	(ix) 4th Preceding Tax Year	(x) 3rd Preceding Tax Year	(xi) 2nd Preceding Tax Year	(xii) 1st Preceding Tax Year	(xiii) Current Tax Year	(xiv) Totals (add columns (viii) through (xiii))
1 Foreign tax carryover from the prior tax year (enter the amount from line 6 of the worksheet in the instructions)							
2 Adjustments to line 1 (enter description - see instructions):							
a Carryback adjustment (see instructions)							
b Adjustments for section 905(c) redeterminations (see instructions)							
c							
d							
e							
f							
g							
3 Adjusted foreign tax carryover from prior tax year (combine lines 1 and 2). Enter the column (xiv) total on the current year Form 1118, Schedule B, Part II, line 5.							
4 Foreign tax carryover utilized in current tax year (enter as a negative number)							
5 Foreign tax carryover expired unused in current tax year (enter as a negative number)							
6 Foreign tax carryover generated in current tax year							
7 Actual or estimated amount of line 6 to be carried back to prior tax year (enter as a negative number)							
8 Foreign tax carryover to the following tax year. Combine lines 3 through 7.							

Form **1125-A**
(Rev. October 2016)
Department of the Treasury
Internal Revenue Service

Cost of Goods Sold

▶ Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B.
▶ Information about Form 1125-A and its instructions is at *www.irs.gov/form1125a.*

OMB No. 1545-0123

Name: Kapstone Paper & Packaging Corporation & Subs

Employer identification number: 20-2699372

1	Inventory at beginning of year	1	[redacted]
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule) [redacted]	5	
6	**Total.** Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return. See instructions	8	

9a Check all methods used for valuing closing inventory:
- (i) [ ] Cost
- (ii) [X] Lower of cost or market
- (iii) [ ] Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods ▶ [ ]

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ [ ]

d If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO — 9d [redacted]

e If property is produced or acquired for resale, do the rules of section 263A apply to the entity? See instructions. [X] Yes [ ] No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation [ ] Yes [X] No

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Purpose of Form

Use Form 1125-A to calculate and deduct cost of goods sold for certain entities.

Who Must File

Filers of Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B, must complete and attach Form 1125-A if the applicable entity reports a deduction for cost of goods sold.

Inventories

Generally, inventories are required at the beginning and end of each tax year if the production, purchase, or sale of merchandise is an income-producing factor. See Regulations section 1.471-1. If inventories are required, you generally must use an accrual method of accounting for sales and purchases of inventory items.

Exception for certain taxpayers. If you are a qualifying taxpayer or a qualifying small business taxpayer (defined below), you can adopt or change your accounting method to account for inventoriable items in the same manner as materials and supplies that are not incidental.

Under this accounting method, inventory costs for raw materials purchased for use in producing finished goods and merchandise purchased for resale are deductible in the year the finished goods or merchandise are sold (but not before the year you paid for the raw materials or merchandise, if you are also using the cash method).

If you account for inventoriable items in the same manner as materials and supplies that are not incidental, you can currently deduct expenditures for direct labor and all indirect costs that would otherwise be included in inventory costs. See the instructions for lines 2 and 7.

For additional guidance on this method of accounting, see Pub. 538, Accounting Periods and Methods. For guidance on adopting or changing to this method of accounting, see Form 3115, Application for Change in Accounting Method, and its instructions.

Qualifying taxpayer. A qualifying taxpayer is a taxpayer that, (a) for each prior tax year ending after December 16, 1998, has average annual gross receipts of $1 million or less for the 3 prior tax years, and (b) its business is not a tax shelter (as defined in section 448(d)(3)). See Rev. Proc. 2001-10, 2001-2 I.R.B. 272.

Qualifying small business taxpayer. A qualifying small business taxpayer is a taxpayer that, (a) for each prior tax year ending on or after December 31, 2000, has average annual gross receipts of $10 million or less for the 3 prior tax years, (b) whose principal business activity is not an ineligible activity, and (c) whose business is not a tax shelter (as defined in section 448(d)(3)). See Rev. Proc. 2002-28, 2002-18 I.R.B. 815.

Uniform capitalization rules. The uniform capitalization rules of section 263A generally require you to capitalize, or include in inventory, certain costs incurred in connection with the following.

- The production of real property and tangible personal property held in inventory or held for sale in the ordinary course of business.
- Real property or personal property (tangible and intangible) acquired for resale.
- The production of real property and tangible personal property by a corporation for use in its trade or business or in an activity engaged in for profit.

See the discussion on section 263A uniform capitalization rules in the instructions for your tax return before completing Form 1125-A. Also see Regulations sections 1.263A-1 through 1.263A-3. See Regulations section 1.263A-4 for rules for property produced in a farming business.

Form **1125-E**
(Rev. October 2016)
Department of the Treasury
Internal Revenue Service

Compensation of Officers

▶ Attach to Form 1120, 1120-C, 1120-F, 1120-REIT, 1120-RIC, or 1120S.
▶ Information about Form 1125-E and its separate instructions is at *www.irs.gov/form1125e*.

OMB No. 1545-0123

Name: Kapstone Paper & Packaging Corporation & Subs

Employer identification number: 20-2699372

Note: Complete Form 1125-E only if total receipts are $500,000 or more. See instructions for definition of total receipts.

(a) Name of officer	(b) Social security number (see instructions)	(c) Percent of time devoted to business	Percent of stock owned		(f) Amount of compensation
			(d) Common	(e) Preferred	
[redacted]					

2	Total compensation of officers	2	
3	Compensation of officers claimed on Form 1125-A or elsewhere on return	3	
4	Subtract line 3 from line 2. Enter the result here and on Form 1120, page 1, line 12 or the appropriate line of your tax return. See Statement 76	4	

Form **2220**

Department of the Treasury
Internal Revenue Service

Underpayment of Estimated Tax by Corporations

▶ Attach to the corporation's tax return.
▶ Information about Form 2220 and its separate instructions is at *www.irs.gov/form2220*.

OMB No. 1545-0123

2016

Name

Kapstone Paper & Packaging Corporation & Subs

Employer identification number

20-2699372

Note: Generally, the corporation isn't required to file Form 2220 (see Part II below for exceptions) because the IRS will figure any penalty owed and bill the corporation. However, the corporation may still use Form 2220 to figure the penalty. If so, enter the amount from page 2, line 38 on the estimated tax penalty line of the corporation's income tax return, but **do not** attach Form 2220.

Part I Required Annual Payment

1	Total tax (see instructions)		1
2a	Personal holding company tax (Schedule PH (Form 1120), line 26) included on line 1	2a	
b	Look-back interest included on line 1 under section 460(b)(2) for completed long-term contracts or section 167(g) for depreciation under the income forecast method	2b	
c	Credit for federal tax paid on fuels (see instructions)	2c	
d	**Total.** Add lines 2a through 2c		2d
3	Subtract line 2d from line 1. If the result is less than $500, **do not** complete or file this form. The corporation doesn't owe the penalty		3
4	Enter the tax shown on the corporation's 2015 income tax return. See instructions. **Caution: If the tax is zero or the tax year was for less than 12 months, skip this line and enter the amount from line 3 on line 5**		4
5	**Required annual payment.** Enter the smaller of line 3 or line 4. If the corporation is required to skip line 4, enter the amount from line 3		5

Part II Reasons for Filing - Check the boxes below that apply. If any boxes are checked, the corporation **must** file Form 2220 even if it doesn't owe a penalty. See instructions.

6		The corporation is using the adjusted seasonal installment method.
7	X	The corporation is using the annualized income installment method.
8	X	The corporation is a "large corporation" figuring its first required installment based on the prior year's tax. Stmt 77

Part III Figuring the Underpayment

		(a)	(b)	(c)	(d)
9	**Installment due dates.** Enter in columns (a) through (d) the 15th day of the 4th (*Form 990-PF filers:* Use 5th month), 6th, 9th, and 12th months of the corporation's tax year	9			
10	**Required installments.** If the box on line 6 and/or line 7 above is checked, enter the amounts from Schedule A, line 38. If the box on line 8 (but not 6 or 7) is checked, see instructions for the amounts to enter. If none of these boxes are checked, enter 25% (0.25) of line 5 above in each column	10			
11	Estimated tax paid or credited for each period. For column (a) only, enter the amount from line 11 on line 15. See instructions. ***Complete lines 12 through 18 of one column before going to the next column.***	11			
12	Enter amount, if any, from line 18 of the preceding column	12			
13	Add lines 11 and 12	13			
14	Add amounts on lines 16 and 17 of the preceding column	14			
15	Subtract line 14 from line 13. If zero or less, enter -0-	15			
16	If the amount on line 15 is zero, subtract line 13 from line 14. Otherwise, enter -0-	16			
17	**Underpayment.** If line 15 is less than or equal to line 10, subtract line 15 from line 10. Then go to line 12 of the next column. Otherwise, go to line 18	17			
18	**Overpayment.** If line 10 is less than line 15, subtract line 10 from line 15. Then go to line 12 of the next column	18			

Go to Part IV on page 2 to figure the penalty. Do not go to Part IV if there are no entries on line 17 - no penalty is owed.

Part IV Figuring the Penalty

		(a)	(b)	(c)	(d)
19	Enter the date of payment or the 15th day of the 4th month after the close of the tax year, whichever is earlier. *(C Corporations with tax years ending June 30 and S corporations:* Use 3rd month instead of 4th month. *Form 990-PF and Form 990-T filers:* Use 5th month instead of 4th month.) See instructions	19			
20	Number of days from due date of installment on line 9 to the date shown on line 19	20			
21	Number of days on line 20 after 4/15/2016 and before 7/1/2016	21			
22	Underpayment on line 17 x Number of days on line 21 / 366 x 4% (0.04)	22	$		
23	Number of days on line 20 after 6/30/2016 and before 10/1/2016	23			
24	Underpayment on line 17 x Number of days on line 23 / 366 x 4% (0.04)	24	$		
25	Number of days on line 20 after 9/30/2016 and before 1/1/2017	25			
26	Underpayment on line 17 x Number of days on line 25 / 366 x 4% (0.04)	26	$		
27	Number of days on line 20 after 12/31/2016 and before 4/1/2017	27			
28	Underpayment on line 17 x Number of days on line 27 / 365 x 4% (0.04)	28	$		
29	Number of days on line 20 after 3/31/2017 and before 7/1/2017	29			
30	Underpayment on line 17 x Number of days on line 29 / 365 x *%	30	$		
31	Number of days on line 20 after 6/30/2017 and before 10/1/2017	31			
32	Underpayment on line 17 x Number of days on line 31 / 365 x *%	32	$		
33	Number of days on line 20 after 9/30/2017 and before 1/1/2018	33			
34	Underpayment on line 17 x Number of days on line 33 / 365 x *%	34	$		
35	Number of days on line 20 after 12/31/2017 and before 3/16/2018	35			
36	Underpayment on line 17 x Number of days on line 35 / 365 x *%	36	$		
37	Add lines 22, 24, 26, 28, 30, 32, 34, and 36	37	$		
38	**Penalty.** Add columns (a) through (d) of line 37. Enter the total here and on Form 1120, line 33; or the comparable line for other income tax returns Stmt.	38	$		

*Use the penalty interest rate for each calendar quarter, which the IRS will determine during the first month in the preceding quarter. These rates are published quarterly in an IRS News Release and in a revenue ruling in the Internal Revenue Bulletin. To obtain this information on the Internet, access the IRS website at ***www.irs.gov***. You can also call 1-800-829-4933 to get interest rate information.

Part II Annualized Income Installment Method

		(a)	(b)	(c)	(d)
20 Annualization periods (see instructions)	20	First 2 months	First 4 months	First 7 months	First 10 months
21 Enter taxable income for each annualization period. See instructions for the treatment of extraordinary items	21				
22 Annualization amounts (see instructions)	22				
23a Annualized taxable income. Multiply line 21 by line 22	23a				
b Extraordinary items (see instructions)	23b				
c Add lines 23a and 23b	23c				
24 Figure the tax on the amount on line 23c using the instructions for Form 1120, Schedule J, line 2, or comparable line of corporation's return	24				
25 Enter any alternative minimum tax for each payment period (see instructions)	25				
26 Enter any other taxes for each payment period. See instructions	26				
27 Total tax. Add lines 24 through 26	27				
28 For each period, enter the same type of credits as allowed on Form 2220, lines 1 and 2c. See instructions	28				
29 Total tax after credits. Subtract line 28 from line 27. If zero or less, enter -0-	29				
30 Applicable percentage	30				
31 Multiply line 29 by line 30	31				

Part III Required Installments

Note: Complete lines 32 through 38 of one column before completing the next column.		1st installment	2nd installment	3rd installment	4th installment
32 If only Part I or Part II is completed, enter the amount in each column from line 19 or line 31. If both parts are completed, enter the **smaller** of the amounts in each column from line 19 or line 31	32				
33 Add the amounts in all preceding columns of line 38. See instructions	33				
34 **Adjusted seasonal or annualized income installments.** Subtract line 33 from line 32. If zero or less, enter -0-	34				
35 Enter 25% (0.25) of line 5 on page 1 of Form 2220 in each column. **Note:** "Large corporations," see the instructions for line 10 for the amounts to enter	35				
36 Subtract line 38 of the preceding column from line 37 of the preceding column	36				
37 Add lines 35 and 36	37				
38 **Required installments.** Enter the **smaller** of line 34 or line 37 here and on page 1 of Form 2220, line 10. See instructions	38				

Form **3800**

Department of the Treasury
Internal Revenue Service (99)

General Business Credit

▶ Information about Form 3800 and its separate instructions is at *www.irs.gov/form3800.*
▶ You must attach all pages of Form 3800, pages 1, 2, and 3, to your tax return.

OMB No. 1545-0895

2016

Attachment Sequence No. **22**

Name(s) shown on return: Kapstone Paper & Packaging Corporation & Subs

Identifying number: 20-2699372

Part I **Current Year Credit for Credits Not Allowed Against Tentative Minimum Tax (TMT)**
(See instructions and complete Part(s) III before Parts I and II)

1	General business credit from line 2 of all Parts III with box A checked		1
2	Passive activity credits from line 2 of all Parts III with box B checked	2	[redacted]
3	Enter the applicable passive activity credits allowed for 2016 (see instructions)		3
4	Carryforward of general business credit to 2016. Enter the amount from line 2 of Part III with box C checked. See instructions for statement to attach		4
5	Carryback of general business credit from 2017. Enter the amount from line 2 of Part III with box D checked (see instructions)		5
6	Add lines 1, 3, 4, and 5		6

Part II **Allowable Credit**

7	Regular tax before credits: • Individuals. Enter the sum of the amounts from Form 1040, lines 44 and 46, or the sum of the amounts from Form 1040NR, lines 42 and 44 • Corporations. Enter the amount from Form 1120, Schedule J, Part I, line 2; or the applicable line of your return • Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b; or the amount from the applicable line of your return		7
8	Alternative minimum tax: • Individuals. Enter the amount from Form 6251, line 35 • Corporations. Enter the amount from Form 4626, line 14 • Estates and trusts. Enter the amount from Schedule I (Form 1041), line 56		8
9	Add lines 7 and 8		9
10a	Foreign tax credit	10a	[redacted]
b	Certain allowable credits (see instructions)	10b	
c	Add lines 10a and 10b		10c
11	**Net income tax.** Subtract line 10c from line 9. If zero, skip lines 12 through 15 and enter -0- on line 16		11
12	**Net regular tax.** Subtract line 10c from line 7. If zero or less, enter -0-	12	[redacted]
13	Enter 25% (.25) of the excess, if any, of line 12 over $25,000 (see instructions)	13	
14	Tentative minimum tax: • Individuals. Enter the amount from Form 6251, line 33 • Corporations. Enter the amount from Form 4626, line 12 • Estates and trusts. Enter the amount from Schedule I (Form 1041), line 54	14	
15	Enter the greater of line 13 or line 14		15
16	Subtract line 15 from line 11. If zero or less, enter -0-		16
17	Enter the **smaller** of line 6 or line 16 **C corporations:** See the line 17 instructions if there has been an ownership change, acquisition, or reorganization.		17

For Paperwork Reduction Act Notice, see separate instructions.

Form **3800** (2016)

Part II Allowable Credit *(Continued)*

Note: If you are not required to report any amounts on lines 22 or 24 below, skip lines 18 through 25 and enter -0- on line 26.

18	Multiply line 14 by 75% (.75) (see instructions)	18	
19	Enter the greater of line 13 or line 18	19	
20	Subtract line 19 from line 11. If zero or less, enter -0-	20	
21	Subtract line 17 from line 20. If zero or less, enter -0-	21	
22	Combine the amounts from line 3 of all Parts III with box A, C, or D checked	22	
23	Passive activity credit from line 3 of all Parts III with box B checked 23		
24	Enter the applicable passive activity credit allowed for 2016 (see instructions)	24	
25	Add lines 22 and 24	25	
26	Empowerment zone and renewal community employment credit allowed. Enter the smaller of line 21 or line 25	26	
27	Subtract line 13 from line 11. If zero or less, enter -0-	27	
28	Add lines 17 and 26	28	
29	Subtract line 28 from line 27. If zero or less, enter -0-	29	
30	Enter the general business credit from line 5 of all Parts III with box A checked	30	
31	Reserved	31	
32	Passive activity credits from line 5 of all Parts III with box B checked 32		
33	Enter the applicable passive activity credits allowed for 2016 (see instructions)	33	
34	Carryforward of business credit to 2016. Enter the amount from line 5 of Part III with box C checked and line 6 of Part III with box G checked. See instructions for statement to attach	34	
35	Carryback of business credit from 2017. Enter the amount from line 5 of Part III with box D checked (see instructions)	35	
36	Add lines 30, 33, 34, and 35	36	
37	Enter the **smaller** of line 29 or line 36	37	
38	**Credit allowed for the current year.** Add lines 28 and 37. Report the amount from line 38 (if smaller than the sum of Part I, line 6, and Part II, lines 25 and 36, see instructions) as indicated below or on the applicable line of your return: • Individuals. Form 1040, line 54, or Form 1040NR, line 51 • Corporations. Form 1120, Schedule J, Part I, line 5c • Estates and trusts. Form 1041, Schedule G, line 2b	38	

Name(s) shown on return: Kapstone Paper & Packaging Corporation & Subs

Identifying number: 20-2699372

Part III General Business Credits or Eligible Small Business Credits (see instructions)

Complete a separate Part III for each box checked below (see instructions).

A	X	General Business Credit From a Non-Passive Activity	E		Reserved
B		General Business Credit From a Passive Activity	F		Reserved
C		General Business Credit Carryforwards	G		Eligible Small Business Credit Carryforwards
D		General Business Credit Carrybacks	H		Reserved

I If you are filing more than one Part III with box A or B checked, complete and attach first an additional Part III combining amounts from all Parts III with box A or B checked. Check here if this is the consolidated Part III ▶ ☐

	(a) Description of credit **Note:** On any line where the credit is from more than one source, a separate Part III is needed for each pass-through entity.		(b) If claiming the credit from a pass-through entity, enter the EIN	(c) Enter the appropriate amount
1a	Investment (Form 3468, Part II only) (attach Form 3468)	1a		[redacted]
b	Reserved	1b		
c	Increasing research activities (Form 6765)	1c		
d	Low-income housing (Form 8586, Part I only)	1d		
e	Disabled access (Form 8826) (see instructions for limitation)	1e		
f	Renewable electricity, refined coal, and Indian coal production (Form 8835)	1f		
g	Indian employment (Form 8845)	1g		
h	Orphan drug (Form 8820)	1h		
i	New markets (Form 8874)	1i		
j	Small employer pension plan startup costs (Form 8881) (see instructions for limitation)	1j		
k	Employer-provided child care facilities and services (Form 8882) (see instructions for limitation)	1k		
l	Biodiesel and renewable diesel fuels (attach Form 8864)	1l		
m	Low sulfur diesel fuel production (Form 8896)	1m		
n	Distilled spirits (Form 8906)	1n		
o	Nonconventional source fuel (carryforward only)	1o		
p	Energy efficient home (Form 8908)	1p		
q	Energy efficient appliance (carryforward only)	1q		
r	Alternative motor vehicle (Form 8910)	1r		
s	Alternative fuel vehicle refueling property (Form 8911)	1s		
t	Reserved	1t		
u	Mine rescue team training (Form 8923)	1u		
v	Agricultural chemicals security (carryforward only)	1v		
w	Employer differential wage payments (Form 8932)	1w		
x	Carbon dioxide sequestration (Form 8933)	1x		
y	Qualified plug-in electric drive motor vehicle (Form 8936)	1y		
z	Qualified plug-in electric vehicle (carryforward only)	1z		
aa	New hire retention (carryforward only)	1aa		
bb	General credits from an electing large partnership (Schedule K-1 (Form 1065-B))	1bb		
zz	Other. Enhanced oil recovery (Form 8830) and certain other credits	1zz		
2	Add lines 1a through 1zz and enter here and on the applicable line of Part I	2		
3	Enter the amount from Form 8844 here and on the applicable line of Part II	3		
4a	Investment (Form 3468, Part III) (attach Form 3468)	4a		
b	Work opportunity (Form 5884)	4b		
c	Biofuel producer (Form 6478)	4c		
d	Low-income housing (Form 8586, Part II)	4d		
e	Renewable electricity, refined coal, and Indian coal production (Form 8835)	4e		
f	Employer social security and Medicare taxes paid on certain employee tips (Form 8846)	4f		
g	Qualified railroad track maintenance (Form 8900)	4g		
h	Small employer health insurance premiums (Form 8941)	4h		
i	Increasing research activities (Form 6765)	4i		
j	Reserved	4j		
z	Other	4z		
5	Add lines 4a through 4z and enter here and on the applicable line of Part II	5		
6	Add lines 2, 3, and 5 and enter here and on the applicable line of Part II	6		

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

▶ Attach to your tax return.
▶ Information about Form 4562 and its separate instructions is at *www.irs.gov/form4562.*

OMB No. 1545-0172

2016

Attachment Sequence No. **179**

Name(s) shown on return

Identifying number

Kapstone Paper & Packaging Corporation & Subs

20-2699372

Business or activity to which this form relates

General Depreciation & Amortization

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1
2	Total cost of section 179 property placed in service (see instructions)	2
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
	[redacted]		

7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7		8
9	Tentative deduction. Enter the smaller of line 5 or line 8		9
10	Carryover of disallowed deduction from line 13 of your 2015 Form 4562		10
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)		11
12	Section 179 expense deduction. Add lines 9 and 10, but don't enter more than line 11		12
13	Carryover of disallowed deduction to 2017. Add lines 9 and 10, less line 12 ▶	13	

Note: Don't use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Don't include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14
15	Property subject to section 168(f)(1) election	15
16	Other depreciation (including ACRS)	16

Part III MACRS Depreciation (Don't include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2016	17
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶	

Section B - Assets Placed in Service During 2016 Tax Year Using the General Depreciation System

	(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property	[redacted]					
b	5-year property						
c	7-year property						
d	10-year property						
e	15-year property						
f	20-year property						
g	25-year property						
h	Residential rental property						
i	Nonresidential real property						

Section C - Assets Placed in Service During 2016 Tax Year Using the Alternative Depreciation System

20a	Class life	[redacted]
b	12-year	
c	40-year	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23

Part V **Listed Property** (Include automobiles, certain other vehicles, certain aircraft, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? Yes No 24b If "Yes," is the evidence written? Yes No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						25		
26 Property used more than 50% in a qualified business use:								
27 Property used 50% or less in a qualified business use:								
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.						28		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1						29		

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (**don't** include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **aren't** more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," don't complete Section B for the covered vehicles.

Part VI **Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2016 tax year (see instructions):					
43 Amortization of costs that began before your 2016 tax year				43	
44 **Total.** Add amounts in column (f). See the instructions for where to report				44	

Form **4797**

Department of the Treasury
Internal Revenue Service

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return.

▶ Information about Form 4797 and its separate instructions is at *www.irs.gov/form4797*.

OMB No. 1545-0184

2016

Attachment Sequence No. **27**

Name(s) shown on return	Identifying number
Kapstone Paper & Packaging Corporation & Subs	20-2699372

1 Enter the gross proceeds from sales or exchanges reported to you for 2016 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20. See instructions 1

Part I **Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year** (see instructions)

2 (a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
[redacted]						

3 Gain, if any, from Form 4684, line 39 3

4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 4

5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824 5

6 Gain, if any, from line 32, from other than casualty or theft 6

7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: 7

Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.

Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you didn't have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

8 Nonrecaptured net section 1231 losses from prior years. See instructions 8

9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return. See instructions 9

Part II **Ordinary Gains and Losses** (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

[redacted]

11 Loss, if any, from line 7 11

12 Gain, if any, from line 7 or amount from line 8, if applicable 12

13 Gain, if any, from line 31 13

14 Net gain or (loss) from Form 4684, lines 31 and 38a 14

15 Ordinary gain from installment sales from Form 6252, line 25 or 36 15

16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 16

17 Combine lines 10 through 16 17

18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

a If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions 18a

b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14 . . . . . 18b

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255 (see instructions)

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
[redacted]		

These columns relate to the properties on lines 19A through 19D. ▶	Property A	Property B	Property C	Property D
20 Gross sales price (**Note:** *See line 1 before completing.*) 20	[redacted]			
21 Cost or other basis plus expense of sale 21				
22 Depreciation (or depletion) allowed or allowable 22				
23 Adjusted basis. Subtract line 22 from line 21 23				
24 Total gain. Subtract line 23 from line 20 24				
25 If section 1245 property:				
a Depreciation allowed or allowable from line 22 25a				
b Enter the **smaller** of line 24 or 25a 25b				
26 If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.				
a Additional depreciation after 1975. See instructions 26a				
b Applicable percentage multiplied by the **smaller** of line 24 or line 26a. See instructions 26b				
c Subtract line 26a from line 24. If residential rental property or line 24 isn't more than line 26a, skip lines 26d and 26e 26c				
d Additional depreciation after 1969 and before 1976 26d				
e Enter the **smaller** of line 26c or 26d 26e				
f Section 291 amount (corporations only) 26f				
g Add lines 26b, 26e, and 26f 26g				
27 If section 1252 property: Skip this section if you didn't dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).				
a Soil, water, and land clearing expenses 27a				
b Line 27a multiplied by applicable percentage. See instructions 27b				
c Enter the **smaller** of line 24 or 27b 27c				
28 If section 1254 property:				
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion. See instructions 28a				
b Enter the **smaller** of line 24 or 28a 28b				
29 If section 1255 property:				
a Applicable percentage of payments excluded from income under section 126. See instructions 29a				
b Enter the **smaller** of line 24 or 29a. See instructions 29b				

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30 Total gains for all properties. Add property columns A through D, line 24	30	[redacted]
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	
32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less (see instructions)

		(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years	33	[redacted]	
34 Recomputed depreciation. See instructions	34		
35 Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35		

Form **5471**

(Rev. December 2015)

Department of the Treasury
Internal Revenue Service

Information Return of U.S. Persons With Respect To Certain Foreign Corporations

▶ **For more information about Form 5471, see *www.irs.gov/form5471***

Information furnished for the foreign corporation's annual accounting period (tax year required by section 898) (see instructions) beginning 01/01/2016 , and ending 12/31/2016

OMB No. 1545-0704

Attachment Sequence No. **121**

Name of person filing this return Kapstone Kraft Paper Corporation	**A** Identifying number 20-5229654
Number, street, and room or suite no. (or P.O. box number if mail is not delivered to street address) 1101 Skokie Blvd Suite #300	**B** Category of filer (See instructions. Check applicable box(es)): 1 (repealed) 2 ☐ 3 ☐ 4 ☒ 5 ☒
City or town, state, and ZIP code Northbrook, IL 60062	**C** Enter the total percentage of the foreign corporation's voting stock you owned at the end of its annual accounting period 100.0000 %

Filer's tax year beginning 01/01/2016 , and ending 12/31/2016

D Check if any excepted specified foreign financial assets are reported on this form (see instructions) . . . . . ☐

E Person(s) on whose behalf this information return is filed:

(1) Name	(2) Address	(3) Identifying number	(4) Check applicable box(es)		
			Shareholder	Officer	Director

Important: *Fill in all applicable lines and schedules. All information **must** be in English. All amounts **must** be stated in U.S. dollars unless otherwise indicated.*

1a Name and address of foreign corporation KAPSTONE ASIA LIMITED 17 WHEELOCK HOUSE, 20 PEDDER ST CENTRAL, HK	**b(1)** Employer identification number, if any FOREIGNUS **b(2)** Reference ID number (see instructions) KAL **c** Country under whose laws incorporated HK

d Date of incorporation	e Principal place of business	f Principal business activity code number	g Principal business activity	h Functional currency
06/11/2008	HK	424100	SELLING CRAFT PAPER	HKD

2 Provide the following information for the foreign corporation's accounting period stated above.

a Name, address, and identifying number of branch office or agent (if any) in the United States	b If a U.S. income tax return was filed, enter:	
	(i) Taxable income or (loss)	(ii) U.S. income tax paid (after all credits)

c Name and address of foreign corporation's statutory or resident agent in country of incorporation	d Name and address (including corporate department, if applicable) of person (or persons) with custody of the books and records of the foreign corporation, and the location of such books and records, if different

Schedule A Stock of the Foreign Corporation

(a) Description of each class of stock	(b) Number of shares issued and outstanding	
	(i) Beginning of annual accounting period	(ii) End of annual accounting period
COMMON	100.	100.

Schedule B U.S. Shareholders of Foreign Corporation (see instructions)

(a) Name, address, and identifying number of shareholder	(b) Description of each class of stock held by shareholder. Note: *This description should match the corresponding description entered in Schedule A, column (a).*	(c) Number of shares held at beginning of annual accounting period	(d) Number of shares held at end of annual accounting period	(e) Pro rata share of subpart F income (enter as a percentage)
KAPSTONE KRAFT PAPER CORPORATION 1101 SKOKIE BLVD SUITE #300 NORTHBROOK, IL 60062 20-5229654	COMMON	100.	100.	100.000000000000

Schedule C Income Statement (see instructions)

Important: *Report all information in functional currency in accordance with U.S. GAAP. Also, report each amount in U.S. dollars translated from functional currency (using GAAP translation rules). However, if the functional currency is the U.S. dollar, complete only the U.S. Dollars column. See instructions for special rules for DASTM corporations.*

				Functional Currency	U.S. Dollars
Income	1a	Gross receipts or sales	1a		[redacted]
	b	Returns and allowances	1b		
	c	Subtract line 1b from line 1a	1c		
	2	Cost of goods sold	2		
	3	Gross profit (subtract line 2 from line 1c)	3		
	4	Dividends	4		
	5	Interest	5		
	6a	Gross rents	6a		
	b	Gross royalties and license fees	6b		
	7	Net gain or (loss) on sale of capital assets	7		
	8	Other income (attach statement) See Statement 88	8		
	9	Total income (add lines 3 through 8)	9		
Deductions	10	Compensation not deducted elsewhere	10		
	11a	Rents	11a		
	b	Royalties and license fees	11b		
	12	Interest	12		
	13	Depreciation not deducted elsewhere	13		
	14	Depletion	14		
	15	Taxes (exclude provision for income, war profits, and excess profits taxes) Stmt 88	15		
	16	Other deductions (attach statement - exclude provision for income, war profits, and excess profits taxes) See Statement 88	16		
	17	Total deductions (add lines 10 through 16)	17		
Net Income	18	Net income or (loss) before extraordinary items, prior period adjustments, and the provision for income, war profits, and excess profits taxes (subtract line 17 from line 9)	18		
	19	Extraordinary items and prior period adjustments (see instructions)	19		
	20	Provision for income, war profits, and excess profits taxes (see instructions) Stmt 88	20		
	21	Current year net income or (loss) per books (combine lines 18 through 20)	21		

Schedule E Income, War Profits, and Excess Profits Taxes Paid or Accrued (see instructions)

	(a) Name of country or U.S. possession	Amount of tax (b) In foreign currency	(c) Conversion rate	(d) In U.S. dollars
1	U.S.	[redacted]		
2	HONG KONG			
3				
4				
5				
6				
7				
8	Total ▶			

Schedule F Balance Sheet

Important: *Report all amounts in U.S. dollars prepared and translated in accordance with U.S. GAAP. See instructions for an exception for DASTM corporations.*

	Assets		(a) Beginning of annual accounting period	(b) End of annual accounting period
1	Cash	1		[redacted]
2a	Trade notes and accounts receivable	2a		
b	Less allowance for bad debts	2b	(	
3	Inventories	3		
4	Other current assets (attach statement) See [redacted]	4		
5	Loans to shareholders and other related persons	5		
6	Investment in subsidiaries (attach statement)	6		
7	Other investments (attach statement)	7		
8a	Buildings and other depreciable assets	8a		
b	Less accumulated depreciation	8b	(	
9a	Depletable assets	9a		
b	Less accumulated depletion	9b	(	
10	Land (net of any amortization)	10		
11	Intangible assets:			
a	Goodwill	11a		
b	Organization costs	11b		
c	Patents, trademarks, and other intangible assets	11c		
d	Less accumulated amortization for lines 11a, b, and c	11d	(	
12	Other assets (attach statement)	12		
13	Total assets	13		
	Liabilities and Shareholders' Equity			
14	Accounts payable	14		
15	Other current liabilities (attach statement) See Statement 89	15		
16	Loans from shareholders and other related persons	16		
17	Other liabilities (attach statement)	17		
18	Capital stock:			
a	Preferred stock	18a		
b	Common stock	18b		
19	Paid-in or capital surplus (attach reconciliation)	19		
20	Retained earnings	20		
21	Less cost of treasury stock	21	(	
22	Total liabilities and shareholders' equity	22		

Schedule G Other Information

		Yes	No
1	During the tax year, did the foreign corporation own at least a 10% interest, directly or indirectly, in any foreign partnership? If "Yes," see the instructions for required statement.		X
2	During the tax year, did the foreign corporation own an interest in any trust?		X
3	During the tax year, did the foreign corporation own any foreign entities that were disregarded as entities separate from their owners under Regulations sections 301.7701-2 and 301.7701-3 (see instructions)? If "Yes," you are generally required to attach Form 8858 for each entity (see instructions).		X
4	During the tax year, was the foreign corporation a participant in any cost sharing arrangement?		X
5	During the course of the tax year, did the foreign corporation become a participant in any cost sharing arrangement?		X
6	During the tax year, did the foreign corporation participate in any reportable transaction as defined in Regulations section 1.6011-4? If "Yes," attach Form(s) 8886 if required by Regulations section 1.6011-4(c)(3)(i)(G).		X
7	During the tax year, did the foreign corporation pay or accrue any foreign tax that was disqualified for credit under section 901(m)?		X
8	During the tax year, did the foreign corporation pay or accrue foreign taxes to which section 909 applies, or treat foreign taxes that were previously suspended under section 909 as no longer suspended?		X

Schedule H Current Earnings and Profits (see instructions)

Important: *Enter the amounts on lines 1 through 5c in* ***functional*** *currency.*

1	Current year net income or (loss) per foreign books of account			1
2	Net adjustments made to line 1 to determine current earnings and profits according to U.S. financial and tax accounting standards (see instructions):	**Net Additions**	**Net Subtractions**	
a	Capital gains or losses			
b	Depreciation and amortization			
c	Depletion			
d	Investment or incentive allowance			
e	Charges to statutory reserves			
f	Inventory adjustments			
g	Taxes			
h	Other (attach statement)			
3	Total net additions			
4	Total net subtractions			
5a	Current earnings and profits (line 1 plus line 3 minus line 4)			5a
b	DASTM gain or (loss) for foreign corporations that use DASTM (see instructions)			5b
c	Combine lines 5a and 5b			5c
d	Current earnings and profits in U.S. dollars (line 5c translated at the appropriate exchange rate as defined in section 989(b) and the related regulations (see instructions))			5d

Enter exchange rate used for line 5d ▶ 7.7624150

Schedule I Summary of Shareholder's Income From Foreign Corporation (see instructions)

If item E on page 1 is completed, a separate Schedule I must be filed for each Category 4 or 5 filer for whom reporting is furnished on this Form 5471. This schedule I is being completed for:

Name of U.S. shareholder ▶KAPSTONE KRAFT PAPER CORPORATI Identifying number ▶ 20-5229654

1	Subpart F income (line 38b, Worksheet A in the instructions)	1	
2	Earnings invested in U.S. property (line 17, Worksheet B in the instructions)	2	
3	Previously excluded subpart F income withdrawn from qualified investments (line 6b, Worksheet C in the instructions)	3	
4	Previously excluded export trade income withdrawn from investment in export trade assets (line 7b, Worksheet D in the instructions)	4	
5	Factoring income	5	
6	Total of lines 1 through 5. Enter here and on your income tax return. See instructions	6	
7	Dividends received (translated at spot rate on payment date under section 989(b)(1))	7	
8	Exchange gain or (loss) on a distribution of previously taxed income	8	

	Yes	No
• Was any income of the foreign corporation blocked?		X
• Did any such income become unblocked during the tax year (see section 964(b))?		X

If the answer to either question is "Yes," attach an explanation.

SCHEDULE J (Form 5471)
(Rev. December 2012)
Department of the Treasury
Internal Revenue Service

Accumulated Earnings and Profits (E&P) of Controlled Foreign Corporation

▶ Information about Schedule J (Form 5471) and its instructions is at *www.irs.gov/form5471.*
▶ Attach to Form 5471.

OMB No. 1545-0704

Name of person filing Form 5471		Identifying number
Kapstone Kraft Paper Corporation		20-5229654
Name of foreign corporation	EIN (if any)	Reference ID number (see instructions)
KAPSTONE ASIA LIMITED	FOREIGNUS	KAL

Important: Enter amounts in functional currency.	(a) Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance)	(b) Pre-1987 E&P Not Previously Taxed (pre-87 section 959(c)(3) balance)	(c) Previously Taxed E&P (see instructions) (sections 959(c)(1) and (2) balances)			(d) Total Section 964(a) E&P (combine columns (a), (b), and (c))
			(i) Earnings Invested in U.S. Property	(ii) Earnings Invested in Excess Passive Assets	(iii) Subpart F Income	
1 Balance at beginning of year	[redacted]					
2a Current year E&P						
b Current year deficit in E&P						
3 Total current and accumulated E&P not previously taxed (line 1 plus line 2a or line 1 minus line 2b)						
4 Amounts included under section 951(a) or reclassified under section 959(c) in current year						
5a Actual distributions or reclassifications of previously taxed E&P						
b Actual distributions of nonpreviously taxed E&P						
6a Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a)						
b Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b)						
7 Balance at end of year. (Enter amount from line 6a or line 6b, whichever is applicable.)						

For Paperwork Reduction Act Notice, see the Instructions for Form 5471.
JSA

Schedule J (Form 5471) (Rev. 12-2012)

SCHEDULE M (Form 5471)
(Rev. December 2012)
Department of the Treasury
Internal Revenue Service

Transactions Between Controlled Foreign Corporation and Shareholders or Other Related Persons

▶ Information about Schedule M (Form 5471) and its instructions is at *www.irs.gov/form5471*.
▶ Attach to Form 5471.

OMB No. 1545-0704

Name of person filing Form 5471	Identifying number
Kapstone Kraft Paper Corporation	20-5229654

Name of foreign corporation	EIN (if any)	Reference ID number (see instructions)
KAPSTONE ASIA LIMITED	FOREIGNUS	KAL

Important: *Complete a separate Schedule M for each controlled foreign corporation. Enter the totals for each type of transaction that occurred during the annual accounting period between the foreign corporation and the persons listed in columns (b) through (f). All amounts must be stated in U.S. dollars translated from functional currency at the average exchange rate for the foreign corporation's tax year. See instructions.*

Enter the relevant functional currency and the exchange rate used throughout this schedule ▶ HKD 7.7624200

	(a) Transactions of foreign corporation	(b) U.S. person filing this return	(c) Any domestic corporation or partnership controlled by U.S. person filing this return	(d) Any other foreign corporation or partnership controlled by U.S. person filing this return	(e) 10% or more U.S. shareholder of controlled foreign corporation (other than the U.S. person filing this return)	(f) 10% or more U.S. shareholder of any corporation controlling the foreign corporation
1	Sales of stock in trade (inventory)					
2	Sales of tangible property other than stock in trade					
3	Sales of property rights (patents, trademarks, etc.)					
4	Platform contribution transaction payments received					
5	Cost sharing transaction payments received					
6	Compensation received for technical, managerial, engineering, construction, or like services					
7	Commissions received					
8	Rents, royalties, and license fees received					
9	Dividends received (exclude deemed distributions under subpart F and distributions of previously taxed income)					
10	Interest received					
11	Premiums received for insurance or reinsurance					
12	Add lines 1 through 11					
13	Purchases of stock in trade (inventory)					
14	Purchases of tangible property other than stock in trade					
15	Purchases of property rights (patents, trademarks, etc.)					
16	Platform contribution transaction payments paid					
17	Cost sharing transaction payments paid					
18	Compensation paid for technical, managerial, engineering, construction, or like services					
19	Commissions paid					
20	Rents, royalties, and license fees paid					
21	Dividends paid					
22	Interest paid					
23	Premiums paid for insurance or reinsurance					
24	Add lines 13 through 23					
25	Amounts borrowed (enter the maximum loan balance during the year) - see instructions					
26	Amounts loaned (enter the maximum loan balance during the year) - see instructions					

Form **5471**
(Rev. December 2015)
Department of the Treasury
Internal Revenue Service

Information Return of U.S. Persons With Respect To Certain Foreign Corporations

▶ **For more information about Form 5471, see *www.irs.gov/form5471***

Information furnished for the foreign corporation's annual accounting period (tax year required by section 898) (see instructions) beginning 01/01/2016 , and ending 12/31/2016

OMB No. 1545-0704

Attachment Sequence No. **121**

Name of person filing this return Kapstone Kraft Paper Corporation	**A** Identifying number 20-5229654
Number, street, and room or suite no. (or P.O. box number if mail is not delivered to street address) 1101 Skokie Blvd Suite #300	**B** Category of filer (See instructions. Check applicable box(es)): 1 (repealed) 2 ☐ 3 ☐ 4 ☒ 5 ☒
City or town, state, and ZIP code Northbrook, IL 60062	**C** Enter the total percentage of the foreign corporation's voting stock you owned at the end of its annual accounting period 100.0000 %
Filer's tax year beginning 01/01/2016 , and ending 12/31/2016	
D Check if any excepted specified foreign financial assets are reported on this form (see instructions) . . . . . ☐	

E Person(s) on whose behalf this information return is filed:

(1) Name	(2) Address	(3) Identifying number	(4) Check applicable box(es)		
			Shareholder	Officer	Director

Important: *Fill in all applicable lines and schedules. All information **must** be in English. All amounts **must** be stated in U.S. dollars unless otherwise indicated.*

1a Name and address of foreign corporation KAPSTONE EUROPE SPRL 191 BOULEVARD DU SOUVERAIN BRUSSELS, 1160 BE	**b(1)** Employer identification number, if any FOREIGNUS **b(2)** Reference ID number (see instructions) KES **c** Country under whose laws incorporated BE

d Date of incorporation	e Principal place of business	f Principal business activity code number	g Principal business activity	h Functional currency
06/24/2008	BE	424100	SELLING KRAFT PAPER	EUR

2 Provide the following information for the foreign corporation's accounting period stated above.

a Name, address, and identifying number of branch office or agent (if any) in the United States	b If a U.S. income tax return was filed, enter:	
	(i) Taxable income or (loss)	(ii) U.S. income tax paid (after all credits)

c Name and address of foreign corporation's statutory or resident agent in country of incorporation	d Name and address (including corporate department, if applicable) of person (or persons) with custody of the books and records of the foreign corporation, and the location of such books and records, if different

Schedule A Stock of the Foreign Corporation

(a) Description of each class of stock	(b) Number of shares issued and outstanding	
	(i) Beginning of annual accounting period	(ii) End of annual accounting period
COMMON	100.	100.

Schedule B U.S. Shareholders of Foreign Corporation (see instructions)

(a) Name, address, and identifying number of shareholder	(b) Description of each class of stock held by shareholder. Note: *This description should match the corresponding description entered in Schedule A, column (a).*	(c) Number of shares held at beginning of annual accounting period	(d) Number of shares held at end of annual accounting period	(e) Pro rata share of subpart F income (enter as a percentage)
KAPSTONE KRAFT PAPER CORPORATION 1101 SKOKIE BLVD SUITE #300 NORTHBROOK, IL 60062 20-5229654	COMMON	100.	100.	100.000000000000

Schedule C Income Statement (see instructions)

Important: *Report all information in functional currency in accordance with U.S. GAAP. Also, report each amount in U.S. dollars translated from functional currency (using GAAP translation rules). However, if the functional currency is the U.S. dollar, complete only the U.S. Dollars column. See instructions for special rules for DASTM corporations.*

				Functional Currency	U.S. Dollars
Income	1a	Gross receipts or sales	1a		[redacted]
	b	Returns and allowances	1b		
	c	Subtract line 1b from line 1a	1c		
	2	Cost of goods sold	2		
	3	Gross profit (subtract line 2 from line 1c)	3		
	4	Dividends	4		
	5	Interest	5		
	6a	Gross rents	6a		
	b	Gross royalties and license fees	6b		
	7	Net gain or (loss) on sale of capital assets	7		
	8	Other income (attach statement) See Statement 90	8		
	9	Total income (add lines 3 through 8)	9		
Deductions	10	Compensation not deducted elsewhere	10		
	11a	Rents	11a		
	b	Royalties and license fees	11b		
	12	Interest	12		
	13	Depreciation not deducted elsewhere	13		
	14	Depletion	14		
	15	Taxes (exclude provision for income, war profits, and excess profits taxes)	15		
	16	Other deductions (attach statement - exclude provision for income, war profits, and excess profits taxes) See Statement 90	16		
	17	Total deductions (add lines 10 through 16)	17		
Net Income	18	Net income or (loss) before extraordinary items, prior period adjustments, and the provision for income, war profits, and excess profits taxes (subtract line 17 from line 9)	18		
	19	Extraordinary items and prior period adjustments (see instructions)	19		
	20	Provision for income, war profits, and excess profits taxes (see instructions) See Statement 90	20		
	21	Current year net income or (loss) per books (combine lines 18 through 20)	21		

Schedule E **Income, War Profits, and Excess Profits Taxes Paid or Accrued** (see instructions)

	(a) Name of country or U.S. possession	Amount of tax (b) In foreign currency	(c) Conversion rate	(d) In U.S. dollars
1	U.S.	[redacted]		
2	BELGIUM			
3				
4				
5				
6				
7				
8	Total ▶			[redacted]

Schedule F **Balance Sheet**

Important: *Report all amounts in U.S. dollars prepared and translated in accordance with U.S. GAAP. See instructions for an exception for DASTM corporations.*

	Assets		(a) Beginning of annual accounting period	(b) End of annual accounting period
1	Cash	1		[redacted]
2a	Trade notes and accounts receivable	2a		
b	Less allowance for bad debts	2b	(	
3	Inventories	3		
4	Other current assets (attach statement) See Statement 91	4		
5	Loans to shareholders and other related persons	5		
6	Investment in subsidiaries (attach statement)	6		
7	Other investments (attach statement)	7		
8a	Buildings and other depreciable assets	8a		
b	Less accumulated depreciation	8b	(	
9a	Depletable assets	9a		
b	Less accumulated depletion	9b	(	
10	Land (net of any amortization)	10		
11	Intangible assets:			
a	Goodwill	11a		
b	Organization costs	11b		
c	Patents, trademarks, and other intangible assets	11c		
d	Less accumulated amortization for lines 11a, b, and c	11d	(	
12	Other assets (attach statement) See Statement 91	12		
13	Total assets	13		
	Liabilities and Shareholders' Equity			
14	Accounts payable	14		[redacted]
15	Other current liabilities (attach statement) See Statement 91	15		
16	Loans from shareholders and other related persons	16		
17	Other liabilities (attach statement) See Statement 91	17		
18	Capital stock:			
a	Preferred stock	18a		
b	Common stock	18b		
19	Paid-in or capital surplus (attach reconciliation)	19		
20	Retained earnings	20		
21	Less cost of treasury stock	21	(	
22	Total liabilities and shareholders' equity	22		

Schedule G Other Information

		Yes	No
1	During the tax year, did the foreign corporation own at least a 10% interest, directly or indirectly, in any foreign partnership? If "Yes," see the instructions for required statement.		X
2	During the tax year, did the foreign corporation own an interest in any trust?		X
3	During the tax year, did the foreign corporation own any foreign entities that were disregarded as entities separate from their owners under Regulations sections 301.7701-2 and 301.7701-3 (see instructions)? If "Yes," you are generally required to attach Form 8858 for each entity (see instructions).		X
4	During the tax year, was the foreign corporation a participant in any cost sharing arrangement?		X
5	During the course of the tax year, did the foreign corporation become a participant in any cost sharing arrangement?		X
6	During the tax year, did the foreign corporation participate in any reportable transaction as defined in Regulations section 1.6011-4? If "Yes," attach Form(s) 8886 if required by Regulations section 1.6011-4(c)(3)(i)(G).		X
7	During the tax year, did the foreign corporation pay or accrue any foreign tax that was disqualified for credit under section 901(m)?		X
8	During the tax year, did the foreign corporation pay or accrue foreign taxes to which section 909 applies, or treat foreign taxes that were previously suspended under section 909 as no longer suspended?		X

Schedule H Current Earnings and Profits (see instructions)

Important: *Enter the amounts on lines 1 through 5c in* ***functional*** *currency.*

1	Current year net income or (loss) per foreign books of account			1 [redacted]
2	Net adjustments made to line 1 to determine current earnings and profits according to U.S. financial and tax accounting standards (see instructions):	Net Additions	Net Subtractions	
a	Capital gains or losses	[redacted]		
b	Depreciation and amortization			
c	Depletion			
d	Investment or incentive allowance			
e	Charges to statutory reserves			
f	Inventory adjustments			
g	Taxes			
h	Other (attach statement)			
3	Total net additions			
4	Total net subtractions			
5a	Current earnings and profits (line 1 plus line 3 minus line 4)			
b	DASTM gain or (loss) for foreign corporations that use DASTM (see instructions)			
c	Combine lines 5a and 5b			
d	Current earnings and profits in U.S. dollars (line 5c translated at the appropriate exchange rate as defined in section 989(b) and the related regulations (see instructions))			

Enter exchange rate used for line 5d ▶ 0.9041330

Schedule I Summary of Shareholder's Income From Foreign Corporation (see instructions)

If item E on page 1 is completed, a separate Schedule I must be filed for each Category 4 or 5 filer for whom reporting is furnished on this Form 5471. This schedule I is being completed for:

Name of U.S. shareholder ▶ KAPSTONE KRAFT PAPER CORPORATI Identifying number ▶ 20-5229654

1	Subpart F income (line 38b, Worksheet A in the instructions)	1	[redacted]
2	Earnings invested in U.S. property (line 17, Worksheet B in the instructions)	2	
3	Previously excluded subpart F income withdrawn from qualified investments (line 6b, Worksheet C in the instructions)	3	
4	Previously excluded export trade income withdrawn from investment in export trade assets (line 7b, Worksheet D in the instructions)	4	
5	Factoring income	5	
6	Total of lines 1 through 5. Enter here and on your income tax return. See instructions	6	
7	Dividends received (translated at spot rate on payment date under section 989(b)(1))	7	
8	Exchange gain or (loss) on a distribution of previously taxed income	8	

	Yes	No
• Was any income of the foreign corporation blocked?		X
• Did any such income become unblocked during the tax year (see section 964(b))?		X

If the answer to either question is "Yes," attach an explanation.

SCHEDULE J (Form 5471)
(Rev. December 2012)
Department of the Treasury
Internal Revenue Service

Accumulated Earnings and Profits (E&P) of Controlled Foreign Corporation

▶ Information about Schedule J (Form 5471) and its instructions is at *www.irs.gov/form5471.*
▶ Attach to Form 5471.

OMB No. 1545-0704

Name of person filing Form 5471		Identifying number
Kapstone Kraft Paper Corporation		20-5229654
Name of foreign corporation	**EIN (if any)**	**Reference ID number (see instructions)**
KAPSTONE EUROPE SPRL	FOREIGNUS	KES

Important: Enter amounts in functional currency.	(a) Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance)	(b) Pre-1987 E&P Not Previously Taxed (pre-87 section 959(c)(3) balance)	(c) Previously Taxed E&P (see instructions) (sections 959(c)(1) and (2) balances)			(d) Total Section 964(a) E&P (combine columns (a), (b), and (c))
			(i) Earnings Invested in U.S. Property	*(ii)* Earnings Invested in Excess Passive Assets	*(iii)* Subpart F Income	
1 Balance at beginning of year						
2a Current year E&P						
b Current year deficit in E&P						
3 Total current and accumulated E&P not previously taxed (line 1 plus line 2a or line 1 minus line 2b)						
4 Amounts included under section 951(a) or reclassified under section 959(c) in current year						
5a Actual distributions or reclassifications of previously taxed E&P						
b Actual distributions of nonpreviously taxed E&P						
6a Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a)						
b Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b)						
7 Balance at end of year. (Enter amount from line 6a or line 6b, whichever is applicable.)						

SCHEDULE M (Form 5471)
(Rev. December 2012)
Department of the Treasury
Internal Revenue Service

Transactions Between Controlled Foreign Corporation and Shareholders or Other Related Persons

▶ Information about Schedule M (Form 5471) and its instructions is at *www.irs.gov/form5471*.
▶ Attach to Form 5471.

OMB No. 1545-0704

Name of person filing Form 5471	Identifying number
Kapstone Kraft Paper Corporation	20-5229654

Name of foreign corporation	EIN (if any)	Reference ID number (see instructions)
KAPSTONE EUROPE SPRL	FOREIGNUS	KES

Important: *Complete a separate Schedule M for each controlled foreign corporation. Enter the totals for each type of transaction that occurred during the annual accounting period between the foreign corporation and the persons listed in columns (b) through (f). All amounts must be stated in U.S. dollars translated from functional currency at the average exchange rate for the foreign corporation's tax year. See instructions.*

Enter the relevant functional currency and the exchange rate used throughout this schedule ▶ EUR 0.9041330

	(a) Transactions of foreign corporation	(b) U.S. person filing this return	(c) Any domestic corporation or partnership controlled by U.S. person filing this return	(d) Any other foreign corporation or partnership controlled by U.S. person filing this return	(e) 10% or more U.S. shareholder of controlled foreign corporation (other than the U.S. person filing this return)	(f) 10% or more U.S. shareholder of any corporation controlling the foreign corporation
1	Sales of stock in trade (inventory)					
2	Sales of tangible property other than stock in trade					
3	Sales of property rights (patents, trademarks, etc.)					
4	Platform contribution transaction payments received					
5	Cost sharing transaction payments received					
6	Compensation received for technical, managerial, engineering, construction, or like services					
7	Commissions received					
8	Rents, royalties, and license fees received					
9	Dividends received (exclude deemed distributions under subpart F and distributions of previously taxed income)					
10	Interest received					
11	Premiums received for insurance or reinsurance					
12	Add lines 1 through 11					
13	Purchases of stock in trade (inventory)					
14	Purchases of tangible property other than stock in trade					
15	Purchases of property rights (patents, trademarks, etc.)					
16	Platform contribution transaction payments paid					
17	Cost sharing transaction payments paid					
18	Compensation paid for technical, managerial, engineering, construction, or like services					
19	Commissions paid					
20	Rents, royalties, and license fees paid					
21	Dividends paid					
22	Interest paid					
23	Premiums paid for insurance or reinsurance					
24	Add lines 13 through 23					
25	Amounts borrowed (enter the maximum loan balance during the year) - see instructions					
26	Amounts loaned (enter the maximum loan balance during the year) - see instructions					

Form **5471**
(Rev. December 2015)
Department of the Treasury
Internal Revenue Service

Information Return of U.S. Persons With Respect To Certain Foreign Corporations

▶ **For more information about Form 5471, see *www.irs.gov/form5471***

Information furnished for the foreign corporation's annual accounting period (tax year required by section 898) (see instructions) beginning 01/01/2016 , and ending 12/31/2016

OMB No. 1545-0704

Attachment Sequence No. **121**

Name of person filing this return	A Identifying number
Victory Packaging L P	26-0055284
Number, street, and room or suite no. (or P.O. box number if mail is not delivered to street address)	B Category of filer (See instructions. Check applicable box(es)): 1 (repealed) 2 ☐ 3 ☐ 4 ☒ 5 ☒
1101 Skokie BLVD Suite #300	
City or town, state, and ZIP code	C Enter the total percentage of the foreign corporation's voting stock you owned at the end of its annual accounting period 100.0000 %
Northbook, IL 60062	

Filer's tax year beginning 01/01/2016 , and ending 12/31/2016

D Check if any excepted specified foreign financial assets are reported on this form (see instructions) . . . . . ☐

E Person(s) on whose behalf this information return is filed:

(1) Name	(2) Address	(3) Identifying number	(4) Check applicable box(es)		
			Shareholder	Officer	Director

Important: *Fill in all applicable lines and schedules. All information **must** be in English. All amounts **must** be stated in U.S. dollars unless otherwise indicated.*

1a Name and address of foreign corporation	b(1) Employer identification number, if any
COM VICTORY S DE RL DE CV JAPETO 802 ARBOLEDAS DE SANTA CR GUADALUPE NUEVO LEON C, 67196 MX	FOREIGNUS
	b(2) Reference ID number (see instructions) COMV
	c Country under whose laws incorporated MX

d Date of incorporation	e Principal place of business	f Principal business activity code number	g Principal business activity	h Functional currency
03/02/2005	MX	424100	DISTRIBUTION	MEXICO, PESO

2 Provide the following information for the foreign corporation's accounting period stated above.

a Name, address, and identifying number of branch office or agent (if any) in the United States	b If a U.S. income tax return was filed, enter:	
	(i) Taxable income or (loss)	(ii) U.S. income tax paid (after all credits)

c Name and address of foreign corporation's statutory or resident agent in country of incorporation	d Name and address (including corporate department, if applicable) of person (or persons) with custody of the books and records of the foreign corporation, and the location of such books and records, if different
JOSE JESUS FERNANDEZ JAPETO 802 ABBOLEDA DE SANTA CRUZ GUADALUPE NUEVO LEO, MX 67197	JOSE JESUS FERNANDEZ JAPETO 802, ABBOLEDA DE SANTA CRUZ,GUADALUPE, NUEVO LEO MX, 67197

Schedule A Stock of the Foreign Corporation

(a) Description of each class of stock	(b) Number of shares issued and outstanding	
	(i) Beginning of annual accounting period	(ii) End of annual accounting period
COMMON	3,000.	3,000.

Schedule B U.S. Shareholders of Foreign Corporation (see instructions)

(a) Name, address, and identifying number of shareholder	(b) Description of each class of stock held by shareholder. **Note:** *This description should match the corresponding description entered in Schedule A, column (a).*	(c) Number of shares held at beginning of annual accounting period	(d) Number of shares held at end of annual accounting period	(e) Pro rata share of subpart F income (enter as a percentage)
VICTORY PACKAGING LP 3555 TIMMONS LN,STE 1400 HOUSTON, TX 77027 26-0055284	COMMON	2,999.	2,999.	0.999666700000
VICK. PACK. MAQUILLADORA 3555 TIMMONS LN,STE 1400 HOUSTON, TX 77027 20-0461750	COMMON	1.	1.	0.003333300000

Schedule C Income Statement (see instructions)

Important: *Report all information in functional currency in accordance with U.S. GAAP. Also, report each amount in U.S. dollars translated from functional currency (using GAAP translation rules). However, if the functional currency is the U.S. dollar, complete only the U.S. Dollars column. See instructions for special rules for DASTM corporations.*

				Functional Currency	U.S. Dollars
Income	1a	Gross receipts or sales	1a		[redacted]
	b	Returns and allowances	1b		
	c	Subtract line 1b from line 1a	1c		
	2	Cost of goods sold	2		
	3	Gross profit (subtract line 2 from line 1c)	3		
	4	Dividends	4		
	5	Interest	5		
	6a	Gross rents	6a		
	b	Gross royalties and license fees	6b		
	7	Net gain or (loss) on sale of capital assets	7		
	8	Other income (attach statement) See [redacted]	8		
	9	Total income (add lines 3 through 8)	9		
Deductions	10	Compensation not deducted elsewhere	10		
	11a	Rents	11a		
	b	Royalties and license fees	11b		
	12	Interest	12		
	13	Depreciation not deducted elsewhere	13		
	14	Depletion	14		
	15	Taxes (exclude provision for income, war profits, and excess profits taxes)	15		
	16	Other deductions (attach statement - exclude provision for income, war profits, and excess profits taxes) See Statement 92	16		
	17	Total deductions (add lines 10 through 16)	17		
Net Income	18	Net income or (loss) before extraordinary items, prior period adjustments, and the provision for income, war profits, and excess profits taxes (subtract line 17 from line 9)	18		
	19	Extraordinary items and prior period adjustments (see instructions)	19		
	20	Provision for income, war profits, and excess profits taxes (see instructions) Stmt 92	20		
	21	Current year net income or (loss) per books (combine lines 18 through 20)	21		

Schedule E Income, War Profits, and Excess Profits Taxes Paid or Accrued (see instructions)

	(a) Name of country or U.S. possession	Amount of tax (b) In foreign currency	(c) Conversion rate	(d) In U.S. dollars
1	U.S.	[redacted]		
2	MEXICO			
3				
4				
5				
6				
7				
8	Total ▶			[redacted]

Schedule F Balance Sheet

Important: *Report all amounts in U.S. dollars prepared and translated in accordance with U.S. GAAP. See instructions for an exception for DASTM corporations.*

	Assets		(a) Beginning of annual accounting period	(b) End of annual accounting period
1	Cash	1		[redacted]
2a	Trade notes and accounts receivable	2a		
b	Less allowance for bad debts	2b	(	
3	Inventories	3		
4	Other current assets (attach statement) [redacted]	4		
5	Loans to shareholders and other related persons	5		
6	Investment in subsidiaries (attach statement) [redacted]	6		
7	Other investments (attach statement)	7		
8a	Buildings and other depreciable assets	8a		
b	Less accumulated depreciation	8b	(	
9a	Depletable assets	9a		
b	Less accumulated depletion	9b	(	
10	Land (net of any amortization)	10		
11	Intangible assets:			
a	Goodwill	11a		
b	Organization costs	11b		
c	Patents, trademarks, and other intangible assets	11c		
d	Less accumulated amortization for lines 11a, b, and c	11d	(	
12	Other assets (attach statement) [redacted]	12		
13	Total assets	13		
	Liabilities and Shareholders' Equity			
14	Accounts payable	14		
15	Other current liabilities (attach statement) $ [redacted]	15		
16	Loans from shareholders and other related persons	16		
17	Other liabilities (attach statement) [redacted]	17		
18	Capital stock:			
a	Preferred stock	18a		
b	Common stock	18b		
19	Paid-in or capital surplus (attach reconciliation)	19		
20	Retained earnings	20		
21	Less cost of treasury stock	21	(	
22	Total liabilities and shareholders' equity	22		

Schedule G Other Information

		Yes	No
1	During the tax year, did the foreign corporation own at least a 10% interest, directly or indirectly, in any foreign partnership? If "Yes," see the instructions for required statement.		X
2	During the tax year, did the foreign corporation own an interest in any trust?		X
3	During the tax year, did the foreign corporation own any foreign entities that were disregarded as entities separate from their owners under Regulations sections 301.7701-2 and 301.7701-3 (see instructions)? If "Yes," you are generally required to attach Form 8858 for each entity (see instructions).		X
4	During the tax year, was the foreign corporation a participant in any cost sharing arrangement?		X
5	During the course of the tax year, did the foreign corporation become a participant in any cost sharing arrangement?		X
6	During the tax year, did the foreign corporation participate in any reportable transaction as defined in Regulations section 1.6011-4? If "Yes," attach Form(s) 8886 if required by Regulations section 1.6011-4(c)(3)(i)(G).		X
7	During the tax year, did the foreign corporation pay or accrue any foreign tax that was disqualified for credit under section 901(m)?		X
8	During the tax year, did the foreign corporation pay or accrue foreign taxes to which section 909 applies, or treat foreign taxes that were previously suspended under section 909 as no longer suspended?		X

Schedule H Current Earnings and Profits (see instructions)

Important: *Enter the amounts on lines 1 through 5c in* ***functional*** *currency.*

1	Current year net income or (loss) per foreign books of account			1 [redacted]
2	Net adjustments made to line 1 to determine current earnings and profits according to U.S. financial and tax accounting standards (see instructions):	Net Additions	Net Subtractions	
a	Capital gains or losses	[redacted]		
b	Depreciation and amortization			
c	Depletion			
d	Investment or incentive allowance			
e	Charges to statutory reserves			
f	Inventory adjustments			
g	Taxes			
h	Other (attach statement) Stmt. 95			
3	Total net additions			
4	Total net subtractions			
5a	Current earnings and profits (line 1 plus line 3 minus line 4)			5a
b	DASTM gain or (loss) for foreign corporations that use DASTM (see instructions)			5b
c	Combine lines 5a and 5b			5c
d	Current earnings and profits in U.S. dollars (line 5c translated at the appropriate exchange rate as defined in section 989(b) and the related regulations (see instructions))			5d

Enter exchange rate used for line 5d ▶ 18.6548213

Schedule I Summary of Shareholder's Income From Foreign Corporation (see instructions)

If item E on page 1 is completed, a separate Schedule I must be filed for each Category 4 or 5 filer for whom reporting is furnished on this Form 5471. This schedule I is being completed for:

Name of U.S. shareholder ▶ Victory Packaging L P Identifying number ▶ 26-0055284

1	Subpart F income (line 38b, Worksheet A in the instructions)	1	[redacted]
2	Earnings invested in U.S. property (line 17, Worksheet B in the instructions)	2	
3	Previously excluded subpart F income withdrawn from qualified investments (line 6b, Worksheet C in the instructions)	3	
4	Previously excluded export trade income withdrawn from investment in export trade assets (line 7b, Worksheet D in the instructions)	4	
5	Factoring income	5	
6	Total of lines 1 through 5. Enter here and on your income tax return. See instructions	6	
7	Dividends received (translated at spot rate on payment date under section 989(b)(1))	7	
8	Exchange gain or (loss) on a distribution of previously taxed income	8	

	Yes	No
• Was any income of the foreign corporation blocked?		X
• Did any such income become unblocked during the tax year (see section 964(b))?		X

If the answer to either question is "Yes," attach an explanation.

SCHEDULE J (Form 5471)
(Rev. December 2012)
Department of the Treasury
Internal Revenue Service

Accumulated Earnings and Profits (E&P) of Controlled Foreign Corporation

▶ Information about Schedule J (Form 5471) and its instructions is at *www.irs.gov/form5471.*
▶ Attach to Form 5471.

OMB No. 1545-0704

Name of person filing Form 5471	Identifying number
Victory Packaging L P	26-0055284

Name of foreign corporation	EIN (if any)	Reference ID number (see instructions)
COM VICTORY S DE RL DE CV	FOREIGNUS	COMV

Important: Enter amounts in functional currency.	(a) Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance)	(b) Pre-1987 E&P Not Previously Taxed (pre-87 section 959(c)(3) balance)	(c) Previously Taxed E&P (see instructions) (sections 959(c)(1) and (2) balances)			(d) Total Section 964(a) E&P (combine columns (a), (b), and (c))
			(i) Earnings Invested in U.S. Property	*(ii)* Earnings Invested in Excess Passive Assets	*(iii)* Subpart F Income	
1 Balance at beginning of year	[redacted]					
2a Current year E&P						
b Current year deficit in E&P						
3 Total current and accumulated E&P not previously taxed (line 1 plus line 2a or line 1 minus line 2b)						
4 Amounts included under section 951(a) or reclassified under section 959(c) in current year						
5a Actual distributions or reclassifications of previously taxed E&P						
b Actual distributions of nonpreviously taxed E&P						
6a Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a)						
b Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b)						
7 Balance at end of year. (Enter amount from line 6a or line 6b, whichever is applicable.)						

For Paperwork Reduction Act Notice, see the Instructions for Form 5471. **Schedule J (Form 5471)** (Rev. 12-2012)
JSA

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SCHEDULE M (Form 5471)
(Rev. December 2012)
Department of the Treasury
Internal Revenue Service

Transactions Between Controlled Foreign Corporation and Shareholders or Other Related Persons

▶ Information about Schedule M (Form 5471) and its instructions is at *www.irs.gov/form5471*.
▶ Attach to Form 5471.

OMB No. 1545-0704

Name of person filing Form 5471		Identifying number
Victory Packaging L P		26-0055284
Name of foreign corporation	**EIN (if any)**	**Reference ID number (see instructions)**
COM VICTORY S DE RL DE CV	FOREIGNUS	COMV

Important: *Complete a **separate** Schedule M for each controlled foreign corporation. Enter the totals for each type of transaction that occurred during the annual accounting period between the foreign corporation and the persons listed in columns (b) through (f). All amounts must be stated in U.S. dollars translated from functional currency at the average exchange rate for the foreign corporation's tax year. See instructions.*

Enter the relevant functional currency and the exchange rate used throughout this schedule ▶ MEXICO, PESO 18.6548213

(a) Transactions of foreign corporation	(b) U.S. person filing this return	(c) Any domestic corporation or partnership controlled by U.S. person filing this return	(d) Any other foreign corporation or partnership controlled by U.S. person filing this return	(e) 10% or more U.S. shareholder of controlled foreign corporation (other than the U.S. person filing this return)	(f) 10% or more U.S. shareholder of any corporation controlling the foreign corporation
1 Sales of stock in trade (inventory)					
2 Sales of tangible property other than stock in trade					
3 Sales of property rights (patents, trademarks, etc.)					
4 Platform contribution transaction payments received					
5 Cost sharing transaction payments received					
6 Compensation received for technical, managerial, engineering, construction, or like services					
7 Commissions received					
8 Rents, royalties, and license fees received					
9 Dividends received (exclude deemed distributions under subpart F and distributions of previously taxed income)					
10 Interest received					
11 Premiums received for insurance or reinsurance					
12 Add lines 1 through 11					
13 Purchases of stock in trade (inventory)					
14 Purchases of tangible property other than stock in trade					
15 Purchases of property rights (patents, trademarks, etc.)					
16 Platform contribution transaction payments paid					
17 Cost sharing transaction payments paid					
18 Compensation paid for technical, managerial, engineering, construction, or like services					
19 Commissions paid					
20 Rents, royalties, and license fees paid					
21 Dividends paid					
22 Interest paid					
23 Premiums paid for insurance or reinsurance					
24 Add lines 13 through 23					
25 Amounts borrowed (enter the maximum loan balance during the year) - see instructions					
26 Amounts loaned (enter the maximum loan balance during the year) - see instructions					

Form **5471**
(Rev. December 2015)
Department of the Treasury
Internal Revenue Service

Information Return of U.S. Persons With Respect To Certain Foreign Corporations

▶ **For more information about Form 5471, see *www.irs.gov/form5471***

Information furnished for the foreign corporation's annual accounting period (tax year required by section 898) (see instructions) beginning 01/01/2016 , and ending 12/31/2016

OMB No. 1545-0704

Attachment Sequence No. **121**

Name of person filing this return	A Identifying number
Victory Packaging L.P.	26-0055284
Number, street, and room or suite no. (or P.O. box number if mail is not delivered to street address)	B Category of filer (See instructions. Check applicable box(es)): 1 (repealed) 2 ☐ 3 ☐ 4 ☒ 5 ☒
1101 Skokie Boulevard Suite 300	
City or town, state, and ZIP code	C Enter the total percentage of the foreign corporation's voting stock you owned at the end of its annual accounting period 100.0000 %
Northbook, IL 60062	

Filer's tax year beginning 01/01/2016 , and ending 12/31/2016

D Check if any excepted specified foreign financial assets are reported on this form (see instructions) . . . . . ☐

E Person(s) on whose behalf this information return is filed:

(1) Name	(2) Address	(3) Identifying number	(4) Check applicable box(es)		
			Shareholder	Officer	Director

Important: *Fill in all applicable lines and schedules. All information **must** be in English. All amounts **must** be stated in U.S. dollars unless otherwise indicated.*

1a Name and address of foreign corporation	b(1) Employer identification number, if any
VICTORY PACKAGING DE MX JAPETO 802 ARBOLEDAS DE SANTA CR GUADALUPE NUEVO LEON C, 67196 MX	FOREIGNUS
	b(2) Reference ID number (see instructions) VPD
	c Country under whose laws incorporated MX

d Date of incorporation	e Principal place of business	f Principal business activity code number	g Principal business activity	h Functional currency
10/14/2003	MX	424100	DISTRIBUTION	MEXICO, PESO

2 Provide the following information for the foreign corporation's accounting period stated above.

a Name, address, and identifying number of branch office or agent (if any) in the United States	b If a U.S. income tax return was filed, enter:	
	(i) Taxable income or (loss)	(ii) U.S. income tax paid (after all credits)

c Name and address of foreign corporation's statutory or resident agent in country of incorporation	d Name and address (including corporate department, if applicable) of person (or persons) with custody of the books and records of the foreign corporation, and the location of such books and records, if different
[redacted] JAPETO 802, ABBOLEDA DE SANTA CRUZ GUADALUPE, NUEVO LEO, MX 67197	[redacted] JAPETO 802, ABBOLEDA DE SANTA CRUZ,GUADALUPE, NUEVO LEO MX, 67197

Schedule A Stock of the Foreign Corporation

(a) Description of each class of stock	(b) Number of shares issued and outstanding	
	(i) Beginning of annual accounting period	(ii) End of annual accounting period
COMMON	3,000.	3,000.

Schedule B U.S. Shareholders of Foreign Corporation (see instructions)

(a) Name, address, and identifying number of shareholder	(b) Description of each class of stock held by shareholder. **Note:** *This description should match the corresponding description entered in Schedule A, column (a).*	(c) Number of shares held at beginning of annual accounting period	(d) Number of shares held at end of annual accounting period	(e) Pro rata share of subpart F income (enter as a percentage)
VICTORY PACKAGING LP 3555 TIMMONS LN,STE 1400 HOUSTON, TX 77027 26-0055284	COMMON	2,999.	2,999.	0.999666700000
VIC. PACK. MAQUILLADORA 3555 TIMMONS LN,STE 1400 HOUSTON, TX 77027 20-0461750	COMMON	1.	1.	0.003333300000

Schedule C Income Statement (see instructions)

Important: *Report all information in functional currency in accordance with U.S. GAAP. Also, report each amount in U.S. dollars translated from functional currency (using GAAP translation rules). However, if the functional currency is the U.S. dollar, complete only the U.S. Dollars column. See instructions for special rules for DASTM corporations.*

				Functional Currency	U.S. Dollars
Income	1a	Gross receipts or sales	1a		[redacted]
	b	Returns and allowances	1b		
	c	Subtract line 1b from line 1a	1c		
	2	Cost of goods sold	2		
	3	Gross profit (subtract line 2 from line 1c)	3		
	4	Dividends	4		
	5	Interest	5		
	6a	Gross rents	6a		
	b	Gross royalties and license fees	6b		
	7	Net gain or (loss) on sale of capital assets	7		
	8	Other income (attach statement) See Statement 96	8		
	9	Total income (add lines 3 through 8)	9		
Deductions	10	Compensation not deducted elsewhere	10		
	11a	Rents	11a		
	b	Royalties and license fees	11b		
	12	Interest	12		
	13	Depreciation not deducted elsewhere	13		
	14	Depletion	14		
	15	Taxes (exclude provision for income, war profits, and excess profits taxes)	15		
	16	Other deductions (attach statement - exclude provision for income, war profits, and excess profits taxes) See Statement 96	16		
	17	Total deductions (add lines 10 through 16)	17		
Net Income	18	Net income or (loss) before extraordinary items, prior period adjustments, and the provision for income, war profits, and excess profits taxes (subtract line 17 from line 9)	18		
	19	Extraordinary items and prior period adjustments (see instructions)	19		
	20	Provision for income, war profits, and excess profits taxes (see instructions) Stmt 96	20		
	21	Current year net income or (loss) per books (combine lines 18 through 20)	21		

Schedule E Income, War Profits, and Excess Profits Taxes Paid or Accrued (see instructions)

	(a) Name of country or U.S. possession	Amount of tax (b) In foreign currency	(c) Conversion rate	(d) In U.S. dollars
1	U.S.	[redacted]		
2	MEXICO			
3				
4				
5				
6				
7				
8	Total ▶			[redacted]

Schedule F Balance Sheet

Important: *Report all amounts in U.S. dollars prepared and translated in accordance with U.S. GAAP. See instructions for an exception for DASTM corporations.*

	Assets		(a) Beginning of annual accounting period	(b) End of annual accounting period
1	Cash	1		[redacted]
2a	Trade notes and accounts receivable	2a		
b	Less allowance for bad debts	2b	(	
3	Inventories	3		
4	Other current assets (attach statement)	4		
5	Loans to shareholders and other related persons	5		
6	Investment in subsidiaries (attach statement)	6		
7	Other investments (attach statement)	7		
8a	Buildings and other depreciable assets	8a		
b	Less accumulated depreciation	8b	(	
9a	Depletable assets	9a		
b	Less accumulated depletion	9b	(	
10	Land (net of any amortization)	10		
11	Intangible assets:			
a	Goodwill	11a		
b	Organization costs	11b		
c	Patents, trademarks, and other intangible assets	11c		
d	Less accumulated amortization for lines 11a, b, and c	11d	(	
12	Other assets (attach statement)	12		
13	Total assets	13		
	Liabilities and Shareholders' Equity			
14	Accounts payable	14		
15	Other current liabilities (attach statement)	15		
16	Loans from shareholders and other related persons	16		
17	Other liabilities (attach statement)	17		
18	Capital stock:			
a	Preferred stock	18a		
b	Common stock	18b		
19	Paid-in or capital surplus (attach reconciliation)	19		
20	Retained earnings	20		
21	Less cost of treasury stock	21	(	
22	Total liabilities and shareholders' equity	22		

Schedule G Other Information

		Yes	No
1	During the tax year, did the foreign corporation own at least a 10% interest, directly or indirectly, in any foreign partnership? If "Yes," see the instructions for required statement.		X
2	During the tax year, did the foreign corporation own an interest in any trust?		X
3	During the tax year, did the foreign corporation own any foreign entities that were disregarded as entities separate from their owners under Regulations sections 301.7701-2 and 301.7701-3 (see instructions)? If "Yes," you are generally required to attach Form 8858 for each entity (see instructions).		X
4	During the tax year, was the foreign corporation a participant in any cost sharing arrangement?		X
5	During the course of the tax year, did the foreign corporation become a participant in any cost sharing arrangement?		X
6	During the tax year, did the foreign corporation participate in any reportable transaction as defined in Regulations section 1.6011-4? If "Yes," attach Form(s) 8886 if required by Regulations section 1.6011-4(c)(3)(i)(G).		X
7	During the tax year, did the foreign corporation pay or accrue any foreign tax that was disqualified for credit under section 901(m)?		X
8	During the tax year, did the foreign corporation pay or accrue foreign taxes to which section 909 applies, or treat foreign taxes that were previously suspended under section 909 as no longer suspended?		X

Schedule H Current Earnings and Profits (see instructions)

Important: *Enter the amounts on lines 1 through 5c in* ***functional*** *currency.*

1	Current year net income or (loss) per foreign books of account			1
2	Net adjustments made to line 1 to determine current earnings and profits according to U.S. financial and tax accounting standards (see instructions):	Net Additions	Net Subtractions	
a	Capital gains or losses			
b	Depreciation and amortization			
c	Depletion			
d	Investment or incentive allowance			
e	Charges to statutory reserves			
f	Inventory adjustments			
g	Taxes			
h	Other (attach statement)			
3	Total net additions			
4	Total net subtractions			
5a	Current earnings and profits (line 1 plus line 3 minus line 4)			5a
b	DASTM gain or (loss) for foreign corporations that use DASTM (see instructions)			5b
c	Combine lines 5a and 5b			5c
d	Current earnings and profits in U.S. dollars (line 5c translated at the appropriate exchange rate as defined in section 989(b) and the related regulations (see instructions))			5d

Enter exchange rate used for line 5d ▶ 18.6548213

Schedule I Summary of Shareholder's Income From Foreign Corporation (see instructions)

If item E on page 1 is completed, a separate Schedule I must be filed for each Category 4 or 5 filer for whom reporting is furnished on this Form 5471. This schedule I is being completed for:

Name of U.S. shareholder ▶ Victory Packaging L.P. Identifying number ▶ 26-0055284

1	Subpart F income (line 38b, Worksheet A in the instructions)		1
2	Earnings invested in U.S. property (line 17, Worksheet B in the instructions)		2
3	Previously excluded subpart F income withdrawn from qualified investments (line 6b, Worksheet C in the instructions)		3
4	Previously excluded export trade income withdrawn from investment in export trade assets (line 7b, Worksheet D in the instructions)		4
5	Factoring income		5
6	Total of lines 1 through 5. Enter here and on your income tax return. See instructions		6
7	Dividends received (translated at spot rate on payment date under section 989(b)(1))		7
8	Exchange gain or (loss) on a distribution of previously taxed income		8

	Yes	No
• Was any income of the foreign corporation blocked?		X
• Did any such income become unblocked during the tax year (see section 964(b))?		X

If the answer to either question is "Yes," attach an explanation.

SCHEDULE J
(Form 5471)
(Rev. December 2012)
Department of the Treasury
Internal Revenue Service

Accumulated Earnings and Profits (E&P) of Controlled Foreign Corporation

▶ Information about Schedule J (Form 5471) and its instructions is at *www.irs.gov/form5471.*
▶ Attach to Form 5471.

OMB No. 1545-0704

Name of person filing Form 5471.
Victory Packaging L.P.

Identifying number
26-0055284

Name of foreign corporation
VICTORY PACKAGING DE MX

EIN (if any)
FOREIGNUS

Reference ID number (see instructions)
VPD

Important: Enter amounts in functional currency.	(a) Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance)	(b) Pre-1987 E&P Not Previously Taxed (pre-87 section 959(c)(3) balance)	(c) Previously Taxed E&P (see instructions) (sections 959(c)(1) and (2) balances)			(d) Total Section 964(a) E&P (combine columns (a), (b), and (c))
			(i) Earnings Invested in U.S. Property	(ii) Earnings Invested in Excess Passive Assets	(iii) Subpart F Income	
1 Balance at beginning of year						
2a Current year E&P						
b Current year deficit in E&P						
3 Total current and accumulated E&P not previously taxed (line 1 plus line 2a or line 1 minus line 2b)						
4 Amounts included under section 951(a) or reclassified under section 959(c) in current year						
5a Actual distributions or reclassifications of previously taxed E&P						
b Actual distributions of nonpreviously taxed E&P						
6a Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a)						
b Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b)						
7 Balance at end of year. (Enter amount from line 6a or line 6b, whichever is applicable.)						

For Paperwork Reduction Act Notice, see the Instructions for Form 5471.
JSA

Schedule J (Form 5471) (Rev. 12-2012)

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SCHEDULE M (Form 5471)
(Rev. December 2012)
Department of the Treasury
Internal Revenue Service

Transactions Between Controlled Foreign Corporation and Shareholders or Other Related Persons

▶ Information about Schedule M (Form 5471) and its instructions is at *www.irs.gov/form5471.*
▶ Attach to Form 5471.

OMB No. 1545-0704

Name of person filing Form 5471	Identifying number
Victory Packaging L.P.	26-0055284

Name of foreign corporation	EIN (if any)	Reference ID number (see instructions)
VICTORY PACKAGING DE MX	FOREIGNUS	VPD

Important: *Complete a* ***separate*** *Schedule M for each controlled foreign corporation. Enter the totals for each type of transaction that occurred during the annual accounting period between the foreign corporation and the persons listed in columns (b) through (f). All amounts must be stated in U.S. dollars translated from functional currency at the average exchange rate for the foreign corporation's tax year. See instructions.*

Enter the relevant functional currency and the exchange rate used throughout this schedule ▶ MEXICO, PESO 18.6548213

(a) Transactions of foreign corporation	(b) U.S. person filing this return	(c) Any domestic corporation or partnership controlled by U.S. person filing this return	(d) Any other foreign corporation or partnership controlled by U.S. person filing this return	(e) 10% or more U.S. shareholder of controlled foreign corporation (other than the U.S. person filing this return)	(f) 10% or more U.S. shareholder of any corporation controlling the foreign corporation
1 Sales of stock in trade (inventory)	[redacted]				
2 Sales of tangible property other than stock in trade					
3 Sales of property rights (patents, trademarks, etc.)					
4 Platform contribution transaction payments received					
5 Cost sharing transaction payments received					
6 Compensation received for technical, managerial, engineering, construction, or like services					
7 Commissions received					
8 Rents, royalties, and license fees received					
9 Dividends received (exclude deemed distributions under subpart F and distributions of previously taxed income)					
10 Interest received					
11 Premiums received for insurance or reinsurance					
12 Add lines 1 through 11					
13 Purchases of stock in trade (inventory)					
14 Purchases of tangible property other than stock in trade					
15 Purchases of property rights (patents, trademarks, etc.)					
16 Platform contribution transaction payments paid					
17 Cost sharing transaction payments paid					
18 Compensation paid for technical, managerial, engineering, construction, or like services					
19 Commissions paid					
20 Rents, royalties, and license fees paid					
21 Dividends paid					
22 Interest paid					
23 Premiums paid for insurance or reinsurance					
24 Add lines 13 through 23					
25 Amounts borrowed (enter the maximum loan balance during the year) - see instructions					
26 Amounts loaned (enter the maximum loan balance during the year) - see instructions					

Form **6765**

Department of the Treasury
Internal Revenue Service

Credit for Increasing Research Activities

▶ Attach to your tax return.
▶ Information about Form 6765 and its separate instructions is at *www.irs.gov/form6765*.

OMB No. 1545-0619

2016

Attachment Sequence No. **81**

Name(s) shown on return: Kapstone Paper & Packaging Corporation & Subs

Identifying number: 20-2699372

Section A - Regular Credit. Skip this section and go to Section B if you are electing or previously elected (and are not revoking) the alternative simplified credit.

1	Certain amounts paid or incurred to energy consortia (see instructions)		1
2	Basic research payments to qualified organizations (see instructions)	2	
3	Qualified organization base period amount	3	
4	Subtract line 3 from line 2. If zero or less, enter -0-		
5	Wages for qualified services (do not include wages used in figuring the work opportunity credit)	5	
6	Cost of supplies	6	
7	Rental or lease costs of computers (see instructions)	7	
8	Enter the applicable percentage of contract research expenses (see instructions)	8	
9	Total qualified research expenses. Add lines 5 through 8	9	
10	Enter fixed-base percentage, but not more than 16% (0.16) (see instructions)	10	
11	Enter average annual gross receipts (see instructions)	11	
12	Multiply line 11 by the percentage on line 10	12	
13	Subtract line 12 from line 9. If zero or less, enter -0-	13	
14	Multiply line 9 by 50% (0.50)	14	
15	Enter the **smaller** of line 13 or line 14		15
16	Add lines 1, 4, and 15		16
17	Are you electing the reduced credit under section 280C? ▶ Yes ☐ No ☐ If "Yes," multiply line 16 by 13% (0.13). If "No," multiply line 16 by 20% (0.20) and see the instructions for the statement that must be attached. Members of controlled groups or businesses under common control: see instructions for the statement that must be attached		17

Section B - Alternative Simplified Credit. Skip this section if you are completing Section A.

18	Certain amounts paid or incurred to energy consortia (see the line 1 instructions)		18
19	Basic research payments to qualified organizations (see the line 2 instructions)	19	
20	Qualified organization base period amount (see the line 3 instructions)	20	
21	Subtract line 20 from line 19. If zero or less, enter -0-		21
22	Add lines 18 and 21		22
23	Multiply line 22 by 20% (0.20)		23
24	Wages for qualified services (do not include wages used in figuring the work opportunity credit)	24	
25	Cost of supplies	25	
26	Rental or lease costs of computers (see the line 7 instructions)	26	
27	Enter the applicable percentage of contract research expenses (see the line 8 instructions)	27	
28	Total qualified research expenses. Add lines 24 through 27	28	
29	Enter your total qualified research expenses for the prior 3 tax years. If you had no qualified research expenses in any one of those years, skip lines 30 and 31	29	
30	Divide line 29 by 6.0	30	
31	Subtract line 30 from line 28. If zero or less, enter -0-	31	
32	Multiply line 31 by 14% (0.14). If you skipped lines 30 and 31, multiply line 28 by 6% (0.06)		32

Section B - Alternative Simplified Credit *(continued)*

33	Add lines 23 and 32	33	
34	Are you electing the reduced credit under section 280C? ▶ Yes [X] No [ ] If "Yes," multiply line 33 by 65% (0.65). If "No," enter the amount from line 33 and see the line 17 instructions for the statement that must be attached. Members of controlled groups or businesses under common control: see instructions for the statement that must be attached . . . Stmt 99	34	

Section C - Current Year Credit

35	Enter the portion of the credit from Form 8932, line 2, that is attributable to wages that were also used to figure the credit on line 17 or line 34 (whichever applies)	35	
36	Subtract line 35 from line 17 or line 34 (whichever applies). If zero or less, enter -0-	36	
37	Credit for increasing research activities from partnerships, S corporations, estates, and trusts	37	
38	Add lines 36 and 37. • Estates and trusts, go to line 39. • Partnerships and S corporations not electing the payroll tax credit, stop here and report this amount on Schedule K. • Partnerships and S corporations electing the payroll tax credit, complete Section D and report on Schedule K the amount on this line reduced by the amount on line 44. • Eligible small businesses, stop here and report the credit on Form 3800, Part III, line 4i. See instructions for the definition of eligible small business. • Filers other than eligible small businesses, stop here and report the credit on Form 3800, Part III, line 1c. **Note:** Qualified small business filers, other than partnerships and S corporations, electing the payroll tax credit must complete Form 3800 before completing Section D.	38	
39	Amount allocated to beneficiaries of the estate or trust (see instructions)	39	
40	Estates and trusts, subtract line 39 from line 38. For eligible small businesses, report the credit on Form 3800, Part III, line 4i. See instructions. For filers other than eligible small businesses, report the credit on Form 3800, Part III, line 1c	40	

Section D - Qualified Small Business Payroll Tax Election and Payroll Tax Credit. Skip this section if the payroll tax election does not apply. See instructions.

41	Check this box if you are a qualified small business electing the payroll tax credit. See instructions [ ]		
42	Enter the portion of line 36 elected as a payroll tax credit (do not enter more than $250,000). See instructions	42	
43	General business credit carryforward from the current year (see instructions). Partnerships and S corporations skip this line and go to line 44	43	
44	Partnerships and S corporations, enter the smaller of line 36 or line 42. All others, enter the smallest of line 36, line 42, or line 43. Enter here and on Form 8974, line 5. Members of controlled groups or businesses under common control: see instructions for the statement that must be attached	44	

Form **8835**

Department of the Treasury
Internal Revenue Service

Renewable Electricity, Refined Coal, and Indian Coal Production Credit

▶ Attach to your tax return.

▶ Information about Form 8835 and its separate instructions is at *www.irs.gov/form8835.*

OMB No. 1545-1362

2016

Attachment Sequence No. **95**

Name(s) shown on return: Kapstone Paper & Packaging Corporation & Subs

Identifying number: 20-2699372

Electricity and Refined Coal Produced at Qualified Facilities Placed in Service After October 22, 2004 (After October 2, 2008, for Electricity Produced From Marine and Hydrokinetic Renewables), and Indian Coal Produced at Facilities Placed in Service After August 8, 2005

			(a) Kilowatt-hours produced and sold (see instructions)	(b) Rate	(c) Column (a) x Column (b)	
1	Electricity produced at qualified facilities using:					
a	Wind	1a	[redacted]			
b	Closed-loop biomass	1b				
c	Geothermal	1c				
d	Solar	1d				
e	Add column (c) of lines 1a through 1d and enter here (see instructions)	1e				
2	Electricity produced at qualified facilities using:		(a) Kilowatt-hours produced and sold (see instructions)	(b) Rate	(c) Column (a) x Column (b)	
a	Open-loop biomass	2a	[redacted]			
b	Small irrigation power	2b				
c	Landfill gas	2c				
d	Trash	2d				
e	Hydropower	2e				
f	Marine and hydrokinetic renewables	2f				
g	Add column (c) of lines 2a through 2f and enter here (see instructions)	2g				
3	Add lines 1e and 2g	3				
4	Phaseout adjustment (see instructions)	$	[redacted]			
5	Subtract line 4 from line 3					
	Refined coal produced at a qualified refined coal production facility					
6	Tons produced and sold (see instructions)		[redacted]			
7	Phaseout adjustment (see instructions)	$				
8	Subtract line 7 from line 6					
9	Reserved					
	Indian coal produced at a qualified Indian coal production facilit					
10	Tons produced and sold (see instructions)					
11	Credit before reduction. Add lines 5, 8, and 10	11				
	Reduction for government grants, subsidized financing, and other credits:					
12	Total of government grants, proceeds of tax-exempt government obligations, subsidized energy financing, and any federal tax credits allowed for the project for this and all prior tax years (see instructions)	12				
13	Total of additions to the capital account for the project for this and all prior tax years	13				
14	Divide line 12 by line 13. Show as a decimal carried to at least 4 places	14				
15	Multiply line 11 by the smaller of 1/2 or line 14	15				
16	Subtract line 15 from line 11	16				
17a	Enter the amount from line 16 applicable to wind facilities the construction of which began during 2017	17a				
b	Multiply line 17a by 20% (0.20)	17b				
18	Subtract line 17b from line 16	18				
19	Renewable electricity, refined coal, and Indian coal production credit from partnerships, S corporations, cooperatives, estates, and trusts (see instructions)	19				
20	Add lines 18 and 19. Cooperatives, estates, and trusts, go to line 21. Partnerships and S corporations, stop here and report this amount on Schedule K. All others: For electricity or refined coal produced during the 4-year period beginning on the date the facility was placed in service or Indian coal produced, stop here and report the applicable part of this amount on Form 3800, Part III, line 4e. For all other production of electricity or refined coal, stop here and report the applicable part of this amount on Form 3800, Part III, line 1f (see instructions)	20				
21	Amount allocated to patrons of the cooperative or beneficiaries of the estate or trust (see instructions)	21				
22	Cooperatives, estates, and trusts, subtract line 21 from line 20. For electricity or refined coal produced during the 4-year period beginning on the date the facility was placed in service or Indian coal produced, report the applicable part of this amount on Form 3800, Part III, line 4e. For all other production of electricity or refined coal, report the applicable part of this amount on Form 3800, Part III, line 1f	22				

For Paperwork Reduction Act Notice, see separate instructions.

Form **8835** (2016)

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Form **8903**
(Rev. December 2010)
Department of the Treasury
Internal Revenue Service

Domestic Production Activities Deduction

▶ Attach to your tax return. ▶ See separate instructions.

OMB No. 1545-1984

Attachment Sequence No. **143**

Name(s) as shown on return

Kapstone Paper & Packaging Corporation & Subs

Identifying number

20-2699372

Note. Do not complete column (a), unless you have oil-related production activities. Enter amounts for all activities in column (b), including oil-related production activities.

		(a) Oil-related production activities	(b) All activities
1	Domestic production gross receipts (DPGR)	1	[redacted]
2	Allocable cost of goods sold. If you are using the small business simplified overall method, skip lines 2 and 3	2	
3	Enter deductions and losses allocable to DPGR (see instructions)	3	
4	If you are using the small business simplified overall method, enter the amount of cost of goods sold and other deductions or losses you ratably apportion to DPGR. All others, skip line 4	4	
5	Add lines 2 through 4	5	
6	Subtract line 5 from line 1	6	
7	Qualified production activities income from estates, trusts, and certain partnerships and S corporations (see instructions)	7	
8	Add lines 6 and 7. Estates and trusts, go to line 9, all others, skip line 9 and go to line 10	8	
9	Amount allocated to beneficiaries of the estate or trust (see instructions)	9	
10a	**Oil-related qualified production activities income.** Estates and trusts, subtract line 9, column (a), from line 8, column (a), all others, enter amount from line 8, column (a). If zero or less, enter -0- here	10a	
b	**Qualified production activities income.** Estates and trusts, subtract line 9, column (b), from line 8, column (b), all others, enter amount from line 8, column (b). If zero or less, enter -0- here, skip lines 11 through 21, and enter -0- on line 22	10b	
11	Income limitation (see instructions): • Individuals, estates, and trusts. Enter your adjusted gross income figured without the domestic production activities deduction • All others. Enter your taxable income figured without the domestic production activities deduction (tax-exempt organizations, see instructions)		11
12	Enter the smaller of line 10b or line 11. If zero or less, enter -0- here, skip lines 13 through 21, and enter -0- on line 22		12
13	Enter 9% of line 12		[redacted]
14a	Enter the smaller of line 10a or line 12	14a	
b	Reduction for oil-related qualified production activities income. Multiply line 14a by 3%		14b
15	Subtract line 14b from line 13		15
16	Form W-2 wages (see instructions)		16
17	Form W-2 wages from estates, trusts, and certain partnerships and S corporations (see instructions)		17
18	Add lines 16 and 17. Estates and trusts, go to line 19, all others, skip line 19 and go to line 20		18
19	Amount allocated to beneficiaries of the estate or trust (see instructions)		19
20	Estates and trusts, subtract line 19 from line 18, all others, enter amount from line 18		20
21	Form W-2 wage limitation. Enter 50% of line 20		21
22	Enter the smaller of line 15 or line 21		22
23	Domestic production activities deduction from cooperatives. Enter deduction from Form 1099-PATR, box 6		23
24	Expanded affiliated group allocation (see instructions)		24
25	**Domestic production activities deduction.** Combine lines 22 through 24 and enter the result here and on Form 1040, line 35; Form 1120, line 25; or the applicable line of your return.		25

For Paperwork Reduction Act Notice, see separate instructions.

Form **8903** (Rev. 12-2010)

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Form **8916-A**

Department of the Treasury
Internal Revenue Service

Supplemental Attachment to Schedule M-3

▶ Attach to Schedule M-3 for Form 1065, 1120, 1120-L, 1120-PC, or 1120S.
▶ Information about Form 8916-A and its instructions is at *www.irs.gov/form1120*.

OMB No. 1545-0123

2016

Name of common parent: Kapstone Paper & Packaging Corporation

Employer identification number: 20-2699372

Name of subsidiary

Employer identification number

Part I Cost of Goods Sold

Cost of Goods Sold Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 Amounts attributable to cost flow assumptions	[redacted]			
2 Amounts attributable to:				
a Stock option expense				
b Other equity-based compensation				
c Meals and entertainment				
d Parachute payments				
e Compensation with section 162(m) limitation				
f Pension and profit sharing				
g Other post-retirement benefits				
h Deferred compensation				
i Reserved				
j Amortization				
k Depletion				
l Depreciation				
m Corporate-owned life insurance premiums				
n Other section 263A costs				
3 Inventory shrinkage accruals				
4 Excess inventory and obsolescence reserves				
5 Lower of cost or market write-downs				
6 Other items with differences (attach statement)				
7 Other items with no differences				
8 **Total cost of goods sold.** Add lines 1 through 7 in columns a, b, c, and d. Enter totals on the applicable Schedule M-3. See instructions				

Part II Interest Income

	Interest Income Item	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Tax-exempt interest income	[redacted]			
2	Interest income from hybrid securities				
3	Sale/lease interest income				
4a	Intercompany interest income - From outside tax affiliated group				
4b	Intercompany interest income - From tax affiliated group				
5	Other interest income Stmt 108				
6	Total interest income. Add lines 1 through 5 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See instructions.				

Part III Interest Expense

	Interest Expense Item	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	Interest expense from hybrid securities	[redacted]			
2	Lease/purchase interest expense				
3a	Intercompany interest expense - Paid to outside tax affiliated group				
3b	Intercompany interest expense - Paid to tax affiliated group				
4	Other interest expense Stmt 109				
5	Total interest expense. Add lines 1 through 4 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See instructions.				

Form **8916-A**

Department of the Treasury
Internal Revenue Service

Supplemental Attachment to Schedule M-3

▶ Attach to Schedule M-3 for Form 1065, 1120, 1120-L, 1120-PC, or 1120S.
▶ Information about Form 8916-A and its instructions is at *www.irs.gov/form1120*.

OMB No. 1545-0123

2016

Name of common parent
Kapstone Paper & Packaging Corporation

Employer identification number
20-2699372

Name of subsidiary
Kapstone Paper & Packaging Corporation

Employer identification number
20-2699372

Part I Cost of Goods Sold

Cost of Goods Sold Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 Amounts attributable to cost flow assumptions				
2 Amounts attributable to:				
a Stock option expense				
b Other equity-based compensation				
c Meals and entertainment				
d Parachute payments				
e Compensation with section 162(m) limitation				
f Pension and profit sharing				
g Other post-retirement benefits				
h Deferred compensation				
i Reserved				
j Amortization				
k Depletion				
l Depreciation				
m Corporate-owned life insurance premiums				
n Other section 263A costs				
3 Inventory shrinkage accruals				
4 Excess inventory and obsolescence reserves				
5 Lower of cost or market write-downs				
6 Other items with differences (attach statement)				
7 Other items with no differences				
8 **Total cost of goods sold.** Add lines 1 through 7 in columns a, b, c, and d. Enter totals on the applicable Schedule M-3. See instructions				

Part II Interest Income

	Interest Income Item	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Tax-exempt interest income		[redacted]		
2	Interest income from hybrid securities				
3	Sale/lease interest income				
4a	Intercompany interest income - From outside tax affiliated group				
4b	Intercompany interest income - From tax affiliated group				
5	Other interest income				
6	Total interest income. Add lines 1 through 5 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See instructions.				

Part III Interest Expense

	Interest Expense Item	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	Interest expense from hybrid securities		[redacted]		
2	Lease/purchase interest expense				
3a	Intercompany interest expense - Paid to outside tax affiliated group				
3b	Intercompany interest expense - Paid to tax affiliated group				
4	Other interest expense				
5	Total interest expense. Add lines 1 through 4 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See instructions.				

Form **8916-A**

Department of the Treasury
Internal Revenue Service

Supplemental Attachment to Schedule M-3

▶ Attach to Schedule M-3 for Form 1065, 1120, 1120-L, 1120-PC, or 1120S.
▶ Information about Form 8916-A and its instructions is at *www.irs.gov/form1120*.

OMB No. 1545-0123

2016

Name of common parent: Kapstone Paper & Packaging Corporation
Employer identification number: 20-2699372

Name of subsidiary: Kapstone Container Corporation
Employer identification number: 58-1392513

Part I Cost of Goods Sold

Cost of Goods Sold Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 Amounts attributable to cost flow assumptions				
2 Amounts attributable to:				
a Stock option expense				
b Other equity-based compensation				
c Meals and entertainment				
d Parachute payments				
e Compensation with section 162(m) limitation				
f Pension and profit sharing				
g Other post-retirement benefits				
h Deferred compensation				
i Reserved				
j Amortization				
k Depletion				
l Depreciation				
m Corporate-owned life insurance premiums				
n Other section 263A costs				
3 Inventory shrinkage accruals				
4 Excess inventory and obsolescence reserves				
5 Lower of cost or market write-downs				
6 Other items with differences (attach statement)				
7 Other items with no differences				
8 **Total cost of goods sold.** Add lines 1 through 7 in columns a, b, c, and d. Enter totals on the applicable Schedule M-3. See instructions				

Part II Interest Income

	Interest Income Item	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Tax-exempt interest income				
2	Interest income from hybrid securities				
3	Sale/lease interest income				
4a	Intercompany interest income - From outside tax affiliated group				
4b	Intercompany interest income - From tax affiliated group				
5	Other interest income				
6	Total interest income. Add lines 1 through 5 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See instructions.				

Part III Interest Expense

	Interest Expense Item	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	Interest expense from hybrid securities				
2	Lease/purchase interest expense				
3a	Intercompany interest expense - Paid to outside tax affiliated group				
3b	Intercompany interest expense - Paid to tax affiliated group				
4	Other interest expense				
5	Total interest expense. Add lines 1 through 4 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See instructions.				

Form **8916-A**

Department of the Treasury
Internal Revenue Service

Supplemental Attachment to Schedule M-3

▶ Attach to Schedule M-3 for Form 1065, 1120, 1120-L, 1120-PC, or 1120S.
▶ Information about Form 8916-A and its instructions is at *www.irs.gov/form1120.*

OMB No. 1545-0123

2016

Name of common parent
Kapstone Paper & Packaging Corporation

Employer identification number
20-2699372

Name of subsidiary
Kapstone Kraft Paper Corporation

Employer identification number
20-5229654

Part I Cost of Goods Sold

Cost of Goods Sold Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 Amounts attributable to cost flow assumptions				
2 Amounts attributable to:				
a Stock option expense				
b Other equity-based compensation				
c Meals and entertainment				
d Parachute payments				
e Compensation with section 162(m) limitation				
f Pension and profit sharing				
g Other post-retirement benefits				
h Deferred compensation				
i Reserved				
j Amortization				
k Depletion				
l Depreciation				
m Corporate-owned life insurance premiums				
n Other section 263A costs				
3 Inventory shrinkage accruals				
4 Excess inventory and obsolescence reserves				
5 Lower of cost or market write-downs				
6 Other items with differences (attach statement)				
7 Other items with no differences				
8 **Total cost of goods sold.** Add lines 1 through 7 in columns a, b, c, and d. Enter totals on the applicable Schedule M-3. See instructions				

Part II Interest Income

	Interest Income Item	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Tax-exempt interest income	[redacted]			
2	Interest income from hybrid securities				
3	Sale/lease interest income				
4a	Intercompany interest income - From outside tax affiliated group				
4b	Intercompany interest income - From tax affiliated group				
5	Other interest income				
6	Total interest income. Add lines 1 through 5 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See instructions.				

Part III Interest Expense

	Interest Expense Item	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	Interest expense from hybrid securities	[redacted]			
2	Lease/purchase interest expense				
3a	Intercompany interest expense - Paid to outside tax affiliated group				
3b	Intercompany interest expense - Paid to tax affiliated group				
4	Other interest expense				
5	Total interest expense. Add lines 1 through 4 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See instructions.				

Form **8916-A**

Department of the Treasury
Internal Revenue Service

Supplemental Attachment to Schedule M-3

▶ Attach to Schedule M-3 for Form 1065, 1120, 1120-L, 1120-PC, or 1120S.
▶ Information about Form 8916-A and its instructions is at *www.irs.gov/form1120*.

OMB No. 1545-0123

2016

Name of common parent
Kapstone Paper & Packaging Corporation

Employer identification number
20-2699372

Name of subsidiary
Longview Fibre Paper & Packaging, Inc.

Employer identification number
20-3674771

Part I Cost of Goods Sold

Cost of Goods Sold Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 Amounts attributable to cost flow assumptions				
2 Amounts attributable to:				
a Stock option expense				
b Other equity-based compensation				
c Meals and entertainment				
d Parachute payments				
e Compensation with section 162(m) limitation				
f Pension and profit sharing				
g Other post-retirement benefits				
h Deferred compensation				
i Reserved				
j Amortization				
k Depletion				
l Depreciation				
m Corporate-owned life insurance premiums				
n Other section 263A costs				
3 Inventory shrinkage accruals				
4 Excess inventory and obsolescence reserves				
5 Lower of cost or market write-downs				
6 Other items with differences (attach statement)				
7 Other items with no differences				
8 **Total cost of goods sold.** Add lines 1 through 7 in columns a, b, c, and d. Enter totals on the applicable Schedule M-3. See instructions				

Part II Interest Income

	Interest Income Item	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Tax-exempt interest income				
2	Interest income from hybrid securities				
3	Sale/lease interest income				
4a	Intercompany interest income - From outside tax affiliated group				
4b	Intercompany interest income - From tax affiliated group				
5	Other interest income				
6	Total interest income. Add lines 1 through 5 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See instructions.				

Part III Interest Expense

	Interest Expense Item	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	Interest expense from hybrid securities				
2	Lease/purchase interest expense				
3a	Intercompany interest expense - Paid to outside tax affiliated group				
3b	Intercompany interest expense - Paid to tax affiliated group				
4	Other interest expense				
5	Total interest expense. Add lines 1 through 4 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See instructions.				

Form **8916-A**

Department of the Treasury
Internal Revenue Service

Supplemental Attachment to Schedule M-3

▶ Attach to Schedule M-3 for Form 1065, 1120, 1120-L, 1120-PC, or 1120S.
▶ Information about Form 8916-A and its instructions is at *www.irs.gov/form1120.*

OMB No. 1545-0123

2016

Name of common parent
Kapstone Paper & Packaging Corporation

Employer identification number
20-2699372

Name of subsidiary
Victory Packaging L.P.

Employer identification number
26-0055284

Part I Cost of Goods Sold

Cost of Goods Sold Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 Amounts attributable to cost flow assumptions				
2 Amounts attributable to:				
a Stock option expense				
b Other equity-based compensation				
c Meals and entertainment				
d Parachute payments				
e Compensation with section 162(m) limitation				
f Pension and profit sharing				
g Other post-retirement benefits				
h Deferred compensation				
i Reserved				
j Amortization				
k Depletion				
l Depreciation				
m Corporate-owned life insurance premiums				
n Other section 263A costs				
3 Inventory shrinkage accruals				
4 Excess inventory and obsolescence reserves				
5 Lower of cost or market write-downs				
6 Other items with differences (attach statement)				
7 Other items with no differences				
8 **Total cost of goods sold.** Add lines 1 through 7 in columns a, b, c, and d. Enter totals on the applicable Schedule M-3. See instructions				

Part II Interest Income

	Interest Income Item	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Tax-exempt interest income				
2	Interest income from hybrid securities				
3	Sale/lease interest income				
4a	Intercompany interest income - From outside tax affiliated group				
4b	Intercompany interest income - From tax affiliated group				
5	Other interest income				
6	Total interest income. Add lines 1 through 5 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See instructions.				

Part III Interest Expense

	Interest Expense Item	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	Interest expense from hybrid securities				
2	Lease/purchase interest expense				
3a	Intercompany interest expense - Paid to outside tax affiliated group				
3b	Intercompany interest expense - Paid to tax affiliated group				
4	Other interest expense				
5	Total interest expense. Add lines 1 through 4 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See instructions.				

Form **8916-A**

Department of the Treasury
Internal Revenue Service

Supplemental Attachment to Schedule M-3

▶ Attach to Schedule M-3 for Form 1065, 1120, 1120-L, 1120-PC, or 1120S.
▶ Information about Form 8916-A and its instructions is at *www.irs.gov/form1120.*

OMB No. 1545-0123

2016

Name of common parent
Kapstone Paper & Packaging Corporation

Employer identification number
20-2699372

Name of subsidiary
Kapstone Receivables LLC

Employer identification number
30-0838683

Part I Cost of Goods Sold

Cost of Goods Sold Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 Amounts attributable to cost flow assumptions				
2 Amounts attributable to:				
a Stock option expense				
b Other equity-based compensation				
c Meals and entertainment				
d Parachute payments				
e Compensation with section 162(m) limitation				
f Pension and profit sharing				
g Other post-retirement benefits				
h Deferred compensation				
i Reserved				
j Amortization				
k Depletion				
l Depreciation				
m Corporate-owned life insurance premiums				
n Other section 263A costs				
3 Inventory shrinkage accruals				
4 Excess inventory and obsolescence reserves				
5 Lower of cost or market write-downs				
6 Other items with differences (attach statement)				
7 Other items with no differences				
8 **Total cost of goods sold.** Add lines 1 through 7 in columns a, b, c, and d. Enter totals on the applicable Schedule M-3. See instructions				

Part II Interest Income

	Interest Income Item	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Tax-exempt interest income	[redacted]			
2	Interest income from hybrid securities				
3	Sale/lease interest income				
4a	Intercompany interest income - From outside tax affiliated group				
4b	Intercompany interest income - From tax affiliated group				
5	Other interest income				
6	Total interest income. Add lines 1 through 5 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See instructions.				

Part III Interest Expense

	Interest Expense Item	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	Interest expense from hybrid securities	[redacted]			
2	Lease/purchase interest expense				
3a	Intercompany interest expense - Paid to outside tax affiliated group				
3b	Intercompany interest expense - Paid to tax affiliated group				
4	Other interest expense				
5	Total interest expense. Add lines 1 through 4 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See instructions.				

Form **8916-A**

Department of the Treasury
Internal Revenue Service

Supplemental Attachment to Schedule M-3

▶ Attach to Schedule M-3 for Form 1065, 1120, 1120-L, 1120-PC, or 1120S.
▶ Information about Form 8916-A and its instructions is at *www.irs.gov/form1120.*

OMB No. 1545-0123

2016

Name of common parent
Kapstone Paper & Packaging Corporation

Employer identification number
20-2699372

Name of subsidiary
Kapstone Paper and Packaging Corporation-Elim

Employer identification number
99-9999999

Part I Cost of Goods Sold

Cost of Goods Sold Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 Amounts attributable to cost flow assumptions				
2 Amounts attributable to:				
a Stock option expense				
b Other equity-based compensation				
c Meals and entertainment				
d Parachute payments				
e Compensation with section 162(m) limitation				
f Pension and profit sharing				
g Other post-retirement benefits				
h Deferred compensation				
i Reserved				
j Amortization				
k Depletion				
l Depreciation				
m Corporate-owned life insurance premiums				
n Other section 263A costs				
3 Inventory shrinkage accruals				
4 Excess inventory and obsolescence reserves				
5 Lower of cost or market write-downs				
6 Other items with differences (attach statement)				
7 Other items with no differences				
8 **Total cost of goods sold.** Add lines 1 through 7 in columns a, b, c, and d. Enter totals on the applicable Schedule M-3. See instructions				

Part II Interest Income

	Interest Income Item	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Tax-exempt interest income	[redacted]			
2	Interest income from hybrid securities				
3	Sale/lease interest income				
4a	Intercompany interest income - From outside tax affiliated group				
4b	Intercompany interest income - From tax affiliated group				
5	Other interest income				
6	Total interest income. Add lines 1 through 5 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See instructions.				

Part III Interest Expense

	Interest Expense Item	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	Interest expense from hybrid securities	[redacted]			
2	Lease/purchase interest expense				
3a	Intercompany interest expense - Paid to outside tax affiliated group				
3b	Intercompany interest expense - Paid to tax affiliated group				
4	Other interest expense				
5	Total interest expense. Add lines 1 through 4 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See instructions.				

Form **8975**

(June 2017)

Department of the Treasury
Internal Revenue Service

Country-by-Country Report

For reporting period beginning 01/01 , 20 16 , and ending 12/31 , 20 16

▶ Information about Form 8975 and its separate instructions is at *www.irs.gov/form8975.*

OMB No. 1545-2272

If this is an amended report, check here ☐

Enter the number of Schedules A (Form 8975) attached to this Form 8975 ▶ 3

Part I Identification of Filer

1a Name of the reporting entity	1b Reporting role code	1c EIN
Kapstone Paper & Packaging Corporation & Subs	ULT	20-2699372

2 Number, street, and room or suite no. (if P.O. box, see instructions)
1101 Skokie Blvd Suite #300

3a City or town	3b State or province	3c Country, and ZIP or foreign postal code
Northbrook	IL	60062

Part II Additional Information

Enter any additional information related to the multinational enterprise group.

SCHEDULE A (Form 8975)

(June 2017)

Department of the Treasury
Internal Revenue Service

Tax Jurisdiction and Constituent Entity Information

For reporting period beginning 01/01 , 20 16 , and ending 12/31 , 20 16

▶ A separate Schedule A (Form 8975) is to be completed for each tax jurisdiction of the multinational enterprise group.

▶ Information about Schedule A (Form 8975) and its separate instructions is at *www.irs.gov/form8975.*

OMB No. 1545-2272

Name of the reporting entity

Kapstone Paper & Packaging Corporation & Subs

EIN

20-2699372

Part I **Tax Jurisdiction Information.** All financial amounts must be stated in U.S. dollars. See instructions.

Tax jurisdiction

BE

1. Revenues			2. Profit (loss) before income tax	3. Income tax paid (on cash basis)	4. Income tax accrued - current year	5. Stated capital	6. Accumulated earnings	7. Number of employees	8. Tangible assets other than cash and cash equivalents
(a) Unrelated party	(b) Related party	(c) Total							

Part II **Constituent Entity Information**

1. Constituent entities resident in the tax jurisdiction	2. TIN	3. Tax jurisdiction of organization or incorporation if different from tax jurisdiction of residence	4. Main business activities			
			(a) Activity code			(b) If you entered the code for "Other," describe the business activity
KapStone Europe SPRL	N/A	BE	CBC506			

Part II Constituent Entity Information *(continued)*

1. Constituent entities resident in the tax jurisdiction	2. TIN	3. Tax jurisdiction of organization or incorporation if different from tax jurisdiction of residence	4. Main business activities			
			(a) Activity code			(b) If you entered the code for "Other," describe the business activity

Part III Additional Information

Enter any additional information related to the information reported in Part I and II.

SCHEDULE A (Form 8975)

(June 2017)

Department of the Treasury
Internal Revenue Service

Tax Jurisdiction and Constituent Entity Information

For reporting period beginning 01/01 ; **20** 16 , **and ending** 12/31 , **20** 16

▶ A separate Schedule A (Form 8975) is to be completed for each tax jurisdiction of the multinational enterprise group.

▶ Information about Schedule A (Form 8975) and its separate instructions is at *www.irs.gov/form8975*.

OMB No. 1545-2272

Name of the reporting entity

Kapstone Paper & Packaging Corporation & Subs

EIN 20-2699372

Part I **Tax Jurisdiction Information.** All financial amounts must be stated in U.S. dollars. See instructions.

Tax jurisdiction

HK

1. Revenues			2. Profit (loss) before income tax	3. Income tax paid (on cash basis)	4. Income tax accrued - current year	5. Stated capital	6. Accumulated earnings	7. Number of employees	8. Tangible assets other than cash and cash equivalents
(a) Unrelated party	(b) Related party	(c) Total							

Part II **Constituent Entity Information**

1. Constituent entities resident in the tax jurisdiction	2. TIN	3. Tax jurisdiction of organization or incorporation if different from tax jurisdiction of residence	4. Main business activities			
			(a) Activity code			(b) If you entered the code for "Other," describe the business activity
KapStone Asia Limited	N/A	HK	CBC506			

For Paperwork Reduction Act Notice, see separate instructions.

JSA 6X2643 2.000

Schedule A (Form 8975) (6-2017)

Part II **Constituent Entity Information** *(continued)*

1. Constituent entities resident in the tax jurisdiction	2. TIN	3. Tax jurisdiction of organization or incorporation if different from tax jurisdiction of residence	4. Main business activities			
			(a) Activity code			(b) If you entered the code for "Other," describe the business activity

Part III **Additional Information**

Enter any additional information related to the information reported in Part I and II.

SCHEDULE A (Form 8975)

(June 2017)

Department of the Treasury
Internal Revenue Service

Tax Jurisdiction and Constituent Entity Information

For reporting period beginning 01/01 , **20** 16 , **and ending** 12/31 , **20** 16

▶ **A separate Schedule A (Form 8975) is to be completed for each tax jurisdiction of the multinational enterprise group.**

▶ **Information about Schedule A (Form 8975) and its separate instructions is at *www.irs.gov/form8975*.**

OMB No. 1545-2272

Name of the reporting entity

Kapstone Paper & Packaging Corporation & Subs

EIN 20-2699372

Part I **Tax Jurisdiction Information.** All financial amounts must be stated in U.S. dollars. See instructions.

Tax jurisdiction

MX

1. Revenues			2. Profit (loss) before income tax	3. Income tax paid (on cash basis)	4. Income tax accrued - current year	5. Stated capital	6. Accumulated earnings	7. Number of employees	8. Tangible assets other than cash and cash equivalents
(a) Unrelated party	(b) Related party	(c) Total							

Part II **Constituent Entity Information**

1. Constituent entities resident in the tax jurisdiction	2. TIN	3. Tax jurisdiction of organization or incorporation if different from tax jurisdiction of residence	4. Main business activities			
			(a) Activity code			(b) If you entered the code for "Other," describe the business activity
Comercializadora Victory, S de R.L de C.V	N/A	MX	CBC504	CBC505	CBC506	
Victory Packaging de Mexico, S. de R.L de C.V	N/A	MX	CBC505	CBC506		

For Paperwork Reduction Act Notice, see separate instructions.

JSA 6X2643 2.000

Schedule A (Form 8975) (6-2017)

Part II Constituent Entity Information *(continued)*

1. Constituent entities resident in the tax jurisdiction	2. TIN	3. Tax jurisdiction of organization or incorporation if different from tax jurisdiction of residence	4. Main business activities			
			(a) Activity code			(b) If you entered the code for "Other," describe the business activity

Part III Additional Information

Enter any additional information related to the information reported in Part I and II.

General Dependency Information

Tax Year : 2016
Taxpayer: Victory Packaging L.P.
ID No : 26-0055284

Return No: 0001WC
Form: 1120

Description

A

Consolidated Schedules
1120 Page 1

	Combined	Kapstone Paper and Packaging Corporation-Elim	Adjustments	Kapstone Paper & Packaging Corporation & Subs
1a Gross receipts or sales	[redacted]			
1b Returns and allowances				
1c Balance				
2 Cost of goods sold				
3 Gross profit				
4 Dividends				
5 Interest				
6 Gross rents				
7 Gross royalties				
8 Capital gain net income				
9 Net gain or (loss) from Form 4797				
10 Other income				
11 Total income				
12 Compensation of officers				
13 Salaries and wages				
14 Repairs and maintenance				
15 Bad debts				
16 Rents				
17 Taxes and licenses				
18 Interest				
19 Charitable contributions				
20 Depreciation				
21 Depletion				
22 Advertising				
23 Pension, profit-sharing etc., plans				
24 Employee benefit programs				
25 Domestic production activities deduction				
26 Other deductions				
27 Total deductions				
28 Taxable income before NOL & Spec. Deductions				
29 NOL,Spec. deductions				
30 Taxable income				

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6C9082 1.000

Consolidated Schedules 1120 Page 1

		Kapstone Paper & Packaging Corporation 20-2699372	Kapstone Container Corporation 58-1392513	Kapstone Kraft Paper Corporation 20-5229654	Longview Fibre Paper & Packaging, Inc. 20-3674771	Victory Packaging L.P. 26-0055284	Kapstone Receivables LLC 30-0838683
1a	Gross receipts or sales	[redacted]					
1b	Returns and allowances						
1c	Balance						
2	Cost of goods sold						
3	Gross profit						
4	Dividends						
5	Interest						
6	Gross rents						
7	Gross royalties						
8	Capital gain net income						
9	Net gain or (loss) from Form 4797						
10	Other income						
11	Total income						
12	Compensation of officers						
13	Salaries and wages						
14	Repairs and maintenance						
15	Bad debts						
16	Rents						
17	Taxes and licenses						
18	Interest						
19	Charitable contributions						
20	Depreciation						
21	Depletion						
22	Advertising						
23	Pension, profit-sharing etc., plans						
24	Employee benefit programs						
25	Domestic production activities deduction						
26	Other deductions						
27	Total deductions						
28	Taxable income before NOL & Spec. Deductions						
29	NOL,Spec. deductions						
30	Taxable income						

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1120 Page 1 Detail

Line 10 - Other income	Combined	Kapstone Paper and Packaging Corporation-Elim	Adjustments	Kapstone Paper & Packaging Corporation & Subs
Foreign Exchange Gain - Unrealized	[redacted]			
Management Fee Income-Intercompany				
Ordinary Income (Loss) From Partnerships - US				
Other Income				
Service Charges and Fees Income				
Unearned/Deferred revenue				
Gain on Sale of Receivables				
Total	[redacted]			

Line 10 - Other income	Kapstone Paper & Packaging Corporation 20-2699372	Kapstone Container Corporation 58-1392513	Kapstone Kraft Paper Corporation 20-5229654	Longview Fibre Paper & Packaging, Inc 20-3674771	Victory Packaging L.P. 26-0055284	Kapstone Receivables LLC 30-0838683
Foreign Exchange Gain - Unrealized	[redacted]					
Management Fee Income-Intercompany						
Ordinary Income (Loss) From Partnerships - US						
Other Income						
Service Charges and Fees Income						
Unearned/Deferred revenue						
Gain on Sale of Receivables						
Total	[redacted]					

Line 17 - Taxes Summary

Taxes (excluding income taxes)	
Other State and Local Taxes	[redacted]
Total	

1120 Page 1 Detail

Line 17 - Taxes excluding income taxes

	Combined	Kapstone Paper and Packaging Corporation-Elim	Adjustments	Kapstone Paper & Packaging Corporation & Subs
Franchise Tax Expense	[redacted]			
License and Permits				
Other Taxes				
Personal Property Taxes				
Real Property Taxes				
Sales and Use Taxes				
Total	[redacted]			

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Line 17 - Taxes excluding income taxes	Kapstone Paper & Packaging Corporation 20-2699372	Kapstone Container Corporation 58-1392513	Kapstone Kraft Paper Corporation 20-5229654	Longview Fibre Paper & Packaging, Inc 20-3674771	Victory Packaging L.P. 26-0055284	Kapstone Receivables LLC 30-0838683
Franchise Tax Expense						
License and Permits						
Other Taxes						
Personal Property Taxes						
Real Property Taxes						
Sales and Use Taxes						
Total						

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Line 17 - Other State and local taxes

	Combined	Kapstone Paper and Packaging Corporation-Elim	Adjustments	Kapstone Paper & Packaging Corporation & Subs
State Current Income Tax Expense	[redacted]			
Total	[redacted]			

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	Kapstone Paper & Packaging Corporation	Kapstone Container Corporation	Kapstone Kraft Paper Corporation	Longview Fibre Paper & Packaging, Inc	Victory Packaging L.P.	Kapstone Receivables LLC
Line 17 - Other State and local taxes	20-2699372	58-1392513	20-5229654	20-3674771	26-0055284	30-0838683
State Current Income Tax Expense	[redacted]					
Total	[redacted]					

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Line 19 - Contributions deduction

1.	Taxable income (excluding contributions and domestic production activities deduction)	[redacted]
2.	Less: NOL carryover	
3.	Plus: Capital Loss carryback	
4.	Taxable income without regard to contributions, special deductions, domestic production activities deduction, NOL carrybacks, and capital loss carrybacks	
5.	Contribution deduction limitation (Taxable income x 10%)	
6.	Amount of deductible contributions	
7.	Contribution deduction (Lesser of line 5 or line 6)	

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Line 26 - Other deductions	Combined	Kapstone Paper and Packaging Corporation-Elim	Adjustments	Kapstone Paper & Packaging Corporation & Subs
Foreign Exchange Loss	[redacted]			
Auto, Truck, and Aircraft Expense				
Bank Fees				
Business Meetings				
Commissions Expense				
Communications Expense				
Computer Expense				
Contract Labor				
Contingent Liability				
Directors Fees Expenses				
Dues and Subscriptions				
Employee Relations				
Foreign Exchange Loss - Unrealized				
Freight and Other Delivery Costs				
General and Administrative				
Insurance Expense				
Legal Settlement Expense				
Licensing Costs				
Management Fee - Intercompany				
Miscellaneous Expense				
Outside Services				
Professional and Service Fees				
Amortization of Debt Issuance Costs				
Recruiting/Relocation				
Security Expense				
Service Charges and Fees Expense				
Software Support				
Storage Expense				
Supplies Expense				
Telephone Expense				
Training/Education/Seminars				
Utilities Expense				
Worker's Compensation				
Travel, Meals and Entertainment				
Amortization				
Peak 10 Hosting				
Loss on Sale of Receivables				
Intercompany Allocations				
Costs Allocated To Cost Of Goods Sold				
Travel				
Total				

Line 26 - Other deductions	Kapstone Paper & Packaging Corporation 20-2699372	Kapstone Container Corporation 58-1392513	Kapstone Kraft Paper Corporation 20-5229654	Longview Fibre Paper & Packaging, Inc 20-3674771	Victory Packaging L.P. 26-0055284	Kapstone Receivables LLC 30-0838683
Foreign Exchange Loss	[redacted]					
Auto, Truck, and Aircraft Expense						
Bank Fees						
Business Meetings						
Commissions Expense						
Communications Expense						
Computer Expense						
Contract Labor						
Contingent Liability						
Directors Fees Expenses						
Dues and Subscriptions						
Employee Relations						
Foreign Exchange Loss - Unrealized						
Freight and Other Delivery Costs						
General and Administrative						
Insurance Expense						
Legal Settlement Expense						
Licensing Costs						
Management Fee - Intercompany						
Miscellaneous Expense						
Outside Services						
Professional and Service Fees						
Amortization of Debt Issuance Costs						
Recruiting/Relocation						
Security Expense						
Service Charges and Fees Expense						
Software Support						
Storage Expense						
Supplies Expense						
Telephone Expense						
Training/Education/Seminars						
Utilities Expense						
Worker's Compensation						
Travel, Meals and Entertainment						
Amortization						
Peak 10 Hosting						
Loss on Sale of Receivables						
Intercompany Allocations						
Costs Allocated To Cost Of Goods Sold						
Travel						
Total						

Consolidated Schedules
Sch. C Summary

		Combined	Kapstone Paper and Packaging Corporation-Elim	Adjustments	Kapstone Paper & Packaging Corporation & Subs
	Dividends				
1	Domestic Corps-subj. to 70% ded	[redacted]			
2	Domestic Corps-subj.to 80% ded				
3	Debt-Financed stock - Dom & Fgn				
4	Pref Stk < 20% owned Pub Util				
5	Pref Stk > = 20% owned Pub Util				
6	<20% Fgn Corps & FSC's-70%				
7	>= 20% Fgn Corps & FSC's-80%				
8	Wholly-owned fgn subs-100%				
10	Domestic corps-Small Bus Inv				
11	From affiliated group member				
12	From certain FSCs				
13	Foreign corps not incl. above				
14	Controlled fgn groups under Subpart F				
15	Foreign Dividend Gross-up				
16	IC-DISC and former DISC Div not included above				
17	Other dividends				
19	TOTAL DIVIDENDS				
	Special Deductions				
1	Domestic Corp-subj. to 70% ded	[redacted]			
2	Domestic Corp-subj. to 80% ded				
3	Debt-Financed stock-Dom & Fgn				
4	Pref Stk < 20% owned Pub Util				
5	Pref Stk >= 20% owned Pub Util				
6	< 20% Fgn Corps & FSC's-70%				
7	>= 20% Fgn Corps & FSC's-80%				
8	Wholly-owned fgn subs-100%				
9	Total Lines 1-8				
10	Domestic corps-Small Bus Inv				
11	From affiliated group member				
12	From certain FSCs				
18	Deduction for Div Paid on Pref Stock of Public Utilities				
20	TOTAL SPECIAL DEDUCTIONS				

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Consolidated Schedules Sch. C Summary		Kapstone Paper & Packaging Corporation 20-2699372	Kapstone Container Corporation 58-1392513	Kapstone Kraft Paper Corporation 20-5229654	Longview Fibre Paper & Packaging, Inc. 20-3674771	Victory Packaging L.P. 26-0055284	Kapstone Receivables LLC 30-0838683
	Dividends						
1	Domestic Corps-subj. to 70% ded	[redacted]					
2	Domestic Corps-subj.to 80% ded						
3	Debt-Financed stock - Dom & Fgn						
4	Pref Stk < 20% owned Pub Util						
5	Pref Stk > = 20% owned Pub Util						
6	<20% Fgn Corps & FSC's-70%						
7	>= 20% Fgn Corps & FSC's-80%						
8	Wholly-owned fgn subs-100%						
10	Domestic corps-Small Bus Inv						
11	From affiliated group member						
12	From certain FSCs						
13	Foreign corps not incl. above						
14	Controlled fgn groups under Subpart F						
15	Foreign Dividend Gross-up						
16	IC-DISC and former DISC Div not included above						
17	Other dividends						
19	TOTAL DIVIDENDS						
	Special Deductions						
1	Domestic Corp-subj. to 70% ded	[redacted]					
2	Domestic Corp-subj. to 80% ded						
3	Debt-Financed stock-Dom & Fgn						
4	Pref Stk < 20% owned Pub Util						
5	Pref Stk >= 20% owned Pub Util						
6	<20% Fgn Corps & FSC's-70%						
7	>= 20% Fgn Corps & FSC's-80%						
8	Wholly-owned fgn subs-100%						
9	Total Lines 1-8	[redacted]					
10	Domestic corps-Small Bus Inv						
11	From affiliated group member						
12	From certain FSCs						
18	Deduction for Div Paid on Pref Stock of Public Utilities						
20	TOTAL SPECIAL DEDUCTIONS						

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Schedule K, Line 5a

Name of Corporation	EIN	Country of Incorporation	Percentage Owned in Voting Stock
Kapstone Paper & Packaging Corporation			
KAPSTONE ASIA LIMITED	FOREIGNUS	HK	100.000
KAPSTONE EUROPE SPRL	FOREIGNUS	BE	100.000
COM VICTORY S DE RL DE CV	FOREIGNUS	MX	100.000
VICTORY PACKAGING DE MX	FOREIGNUS	MX	100.000
Kapstone Kraft Paper Corporation			
KAPSTONE ASIA LIMITED	FOREIGNUS	HK	100.000
KAPSTONE EUROPE SPRL	FOREIGNUS	BE	100.000
Victory Packaging L.P.			
COM VICTORY S DE RL DE CV	FOREIGNUS	MX	100.000
VICTORY PACKAGING DE MX	FOREIGNUS	MX	100.000

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Schedule K, Line 5b

Name of Entity	EIN	Country of Incorporation	Max Percentage Owned in Profit, Loss, or Capital
Kapstone Paper & Packaging Corporation			
SCHWARZ PARTNERS PACKAGING MIAMI, LLC	26-0507793	US	49.000
Encorr Sheets, LLC	47-4706761	US	20.000

Consolidated Schedules
Sch. L - Beginning

		Combined	Kapstone Paper and Packaging Corporation-Elim	Adjustments	Kapstone Paper & Packaging Corporation & Subs
	Assets				
1	Cash	[redacted]			
2 a	Trade Notes and A/R				
b	Less allowance for Bad Debts				
3	Inventories				
4	US Government Obligations				
5	Tax-exempt Securities				
6	Other Current Assets				
7	Loans to Stockholders				
8	Mtge and Real Estate Loans				
9	Other Investments				
10 a	Buildings and Other Depreciable Assets				
b	Less Accum. Depreciation				
11 a	Depletable Assets				
b	Less Accum. Depletion				
12	Land (net of any Amortization)				
13 a	Intangible Assets				
b	Less Accum. Amortization				
14	Other Assets				
15	Total Assets				
	Liabilities and Stockholders' Equity				
16	Accounts Payable	[redacted]			
17	Mtges, Notes, Bond Payable in less than 1 year				
18	Other Current Liabilities				
19	Loans from Stockholders				
20	Mtges, Notes, Bonds Payable in 1 year or more				
21	Other Liabilities				
22 a	Capital stock-Preferred				
b	Capital stock-Common				
23	Additional Paid-in Capital				
24	Retained earnings-Appropriated				
25	Retained earnings-Unappropriated				
26	Adjustments to shareholders' equity				
27	Less cost of Treasury Stock				
28	Total Liabilities and Stockholders' Equity	[redacted]			

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Consolidated Schedules Sch. L - Beginning	Kapstone Paper & Packaging Corporation 20-2699372	Kapstone Container Corporation 58-1392513	Kapstone Kraft Paper Corporation 20-5229654	Longview Fibre Paper & Packaging, Inc. 20-3674771	Victory Packaging L.P. 26-0055284	Kapstone Receivables LLC 30-0838683
Assets						
1 Cash	[redacted]					
2 a Trade Notes and A/R						
b Less allowance for Bad Debts						
3 Inventories						
4 US Government Obligations						
5 Tax-exempt Securities						
6 Other Current Assets						
7 Loans to Stockholders						
8 Mtge and Real Estate Loans						
9 Other Investments						
10 a Buildings and Other Depreciable Assets						
b Less Accum. Depreciation						
11 a Depletable Assets						
b Less Accum. Depletion						
12 Land (net of any Amortization)						
13 a Intangible Assets						
b Less Accum. Amortization						
14 Other Assets						
15 Total Assets						
Liabilities and Stockholders' Equity						
16 Accounts Payable	[redacted]					
17 Mtges, Notes, Bond Payable in less than 1 year						
18 Other Current Liabilities						
19 Loans from Stockholders						
20 Mtges, Notes, Bonds Payable in 1 year or more						
21 Other Liabilities						
22 a Capital stock-Preferred						
b Capital stock-Common						
23 Additional Paid-in Capital						
24 Retained earnings-Appropriated						
25 Retained earnings-Unappropriated						
26 Adjustments to shareholders' equity						
27 Less cost of Treasury Stock						
28 Total Liabilities and Stockholders' Equity						

Consolidated Schedules
Sch. L - Ending

		Combined	Kapstone Paper and Packaging Corporation-Elim	Adjustments	Kapstone Paper & Packaging Corporation & Subs
	Assets				
1	Cash	[redacted]			
2 a	Trade Notes and A/R				
b	Less allowance for Bad Debts				
3	Inventories				
4	US Government Obligations				
5	Tax-exempt Securities				
6	Other Current Assets				
7	Loans to Stockholders				
8	Mtge and Real Estate Loans				
9	Other Investments				
10 a	Buildings and Other Depreciable Assets				
b	Less Accum. Depreciation				
11 a	Depletable Assets				
b	Less Accum. Depletion				
12	Land (net of any Amortization)				
13 a	Intangible Assets				
b	Less Accum. Amortization				
14	Other Assets				
15	Total Assets				
	Liabilities and Stockholders' Equity				
16	Accounts Payable				
17	Mtges, Notes, Bond Payable in less than 1 year				
18	Other Current Liabilities				
19	Loans from Stockholders				
20	Mtges, Notes, Bonds Payable In 1 year or more				
21	Other Liabilities				
22 a	Capital stock-Preferred				
b	Capital stock-Common				
23	Additional Paid-in Capital				
24	Retained earnings-Appropriated				
25	Retained earnings-Unappropriated				
26	Adjustments to Shareholders' Equity				
27	Less cost of Treasury Stock				
28	Total Liabilities and Stockholders' Equity				

Consolidated Schedules
Sch. L - Ending

	Assets	Kapstone Paper & Packaging Corporation 20-2699372	Kapstone Container Corporation 58-1392513	Kapstone Kraft Paper Corporation 20-5229654	Longview Fibre Paper & Packaging, Inc. 20-3674771	Victory Packaging L.P. 26-0055284	Kapstone Receivables LLC 30-0838683
1	Cash	[redacted]					
2 a	Trade Notes and A/R						
b	Less allowance for Bad Debts						
3	Inventories						
4	US Government Obligations						
5	Tax-exempt Securities						
6	Other Current Assets						
7	Loans to Stockholders						
8	Mtge and Real Estate Loans						
9	Other Investments						
10 a	Buildings and Other Depreciable Assets						
b	Less Accum. Depreciation						
11 a	Depletable Assets						
b	Less Accum. Depletion						
12	Land (net of any Amortization)						
13 a	Intangible Assets						
b	Less Accum. Amortization						
14	Other Assets						
15	Total Assets						
	Liabilities and Stockholders' Equity						
16	Accounts Payable						
17	Mtges, Notes, Bond Payable in less than 1 year						
18	Other Current Liabilities						
19	Loans from Stockholders						
20	Mtges, Notes, Bonds Payable in 1 year or more						
21	Other Liabilities						
22 a	Capital stock-Preferred						
b	Capital stock-Common						
23	Additional Paid-in Capital						
24	Retained earnings-Appropriated						
25	Retained earnings-Unappropriated						
26	Adjustments to Shareholders' Equity						
27	Less cost of Treasury Stock						
28	Total Liabilities and Stockholders' Equity						

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	Beginning	Ending
Line 3 - Inventories		
Kapstone Container Corporation		
Inventories (Other)		
Inventory-Finished Goods		
Inventory-Intercompany		
Inventory-Raw Materials		
Inventory-Obsolescence Reserve		
Subtotal		
Kapstone Kraft Paper Corporation		
Inventories (Other)		
Inventory-Finished Goods		
Inventory-Intercompany		
Inventory-Raw Materials		
Inventory-Obsolescence Reserve		
Inventory-Purchase Price Adjustment		
Subtotal		
Longview Fibre Paper & Packaging, Inc.		
Inventories (Other)		
Inventory-Finished Goods		
Inventory-Intercompany		
Inventory-Raw Materials		
Inventory-Obsolescence Reserve		
Inventory-Purchase Price Adjustment		
Subtotal		
Victory Packaging L.P.		
Inventories (Other)		
Inventory-Raw Materials		
Inventory-Obsolescence Reserve		
Subtotal		
Total Line 3 - Inventories		

Statement 21

Sch. L, Line 6 - Other current assets	Combined		Kapstone Paper and Packaging Corporation-Elim		Adjustments		Kapstone Paper & Packaging Corporation & Subs	
	Beginning	Ending	Beginning	Ending	Beginning	Ending	Beginning	Ending
Advances	[redacted]							
Deferred Tax Asset-Current								
Deferred Tax Asset-Federal-Current								
Deposits-Short Term								
Income Tax Receivable-Federal								
Income Tax Receivable-State								
Miscellaneous Receivables								
Other Current Assets								
Prepaid Insurance								
Prepaid Licenses								
Prepaid Other								
Supplies								
Total	[redacted]							

Kapstone Paper & Packaging Corporation & Subs

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Sch. L, Line 6 - Other current assets	Kapstone Paper & Packaging Corporation 20-2699372		Kapstone Container Corporation 58-1392513		Kapstone Kraft Paper Corporation 20-5229654		20-2699372 Longview Fibre Paper & Packaging, Inc. 20-3674771	
	Beginning	Ending	Beginning	Ending	Beginning	Ending	Beginning	Ending
Advances	[redacted]							
Deferred Tax Asset-Current								
Deferred Tax Asset-Federal-Current								
Deposits-Short Term								
Income Tax Receivable-Federal								
Income Tax Receivable-State								
Miscellaneous Receivables								
Other Current Assets								
Prepaid Insurance								
Prepaid Licenses								
Prepaid Other								
Supplies								
Total	[redacted]							

Sch. L, Line 6 - Other current assets

	Victory Packaging L.P. 26-0055284		Kapstone Receivables LLC 30-0838683	
	Beginning	Ending	Beginning	Ending
Advances	[redacted]			
Deferred Tax Asset-Current				
Deferred Tax Asset-Federal-Current				
Deposits-Short Term				
Income Tax Receivable-Federal				
Income Tax Receivable-State				
Miscellaneous Receivables				
Other Current Assets				
Prepaid Insurance				
Prepaid Licenses				
Prepaid Other				
Supplies				
Total	[redacted]			

Sch. L, Line 9 - Other investments

	Combined		Kapstone Paper and Packaging Corporation-Elim		Adjustments		20-2699372 Kapstone Paper & Packaging Corporation & Subs	
	Beginning	Ending	Beginning	Ending	Beginning	Ending	Beginning	Ending
Purchase Accounting Adjustment elim	[redacted]							
Investment in Joint Ventures								
Investment in Subsidiaries								
Total	[redacted]							

Kapstone Paper & Packaging Corporation & Subs

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Sch. L, Line 9 - Other investments

	Kapstone Paper & Packaging Corporation 20-2699372		Kapstone Container Corporation 58-1392513		Kapstone Kraft Paper Corporation 20-5229654		20-2699372 Longview Fibre Paper & Packaging, Inc. 20-3674771	
	Beginning	Ending	Beginning	Ending	Beginning	Ending	Beginning	Ending
Purchase Accounting Adjustment elim	[redacted]							
Investment in Joint Ventures								
Investment in Subsidiaries								
Total	[redacted]							

Sch. L, Line 9 - Other investments	Victory Packaging L.P. 26-0055284 Beginning	Victory Packaging L.P. 26-0055284 Ending	Kapstone Receivables LLC 30-0838683 Beginning	Kapstone Receivables LLC 30-0838683 Ending
Purchase Accounting Adjustment elim	[redacted]			
Investment in Joint Ventures				
Investment in Subsidiaries				
Total	[redacted]			

Kapstone Paper & Packaging Corporation & Subs

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Sch. L, Line 14 - Other assets

	Combined		Kapstone Paper and Packaging Corporation-Elim		Adjustments		20-2699372 Kapstone Paper & Packaging Corporation & Subs	
	Beginning	Ending	Beginning	Ending	Beginning	Ending	Beginning	Ending
Deferred Charges	[redacted]							
Deposits-Long Term								
LT Notes and Accounts Receivable								
Other Assets								
Total	[redacted]							

Kapstone Paper & Packaging Corporation & Subs

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Sch. L, Line 14 - Other assets

	Kapstone Paper & Packaging Corporation 20-2699372		Kapstone Container Corporation 58-1392513		Kapstone Kraft Paper Corporation 20-5229654		20-2699372 Longview Fibre Paper & Packaging, Inc. 20-3674771	
	Beginning	Ending	Beginning	Ending	Beginning	Ending	Beginning	Ending
Deferred Charges								
Deposits-Long Term								
LT Notes and Accounts Receivable								
Other Assets								
Total								

Victory Packaging L.P.

26-0055284

Sch. L, Line 14 - Other assets

	Beginning	Ending
Deferred Charges		
Deposits-Long Term		
LT Notes and Accounts Receivable		
Other Assets		
Total		

Line 18 - Other Current Liabilities Summary

	Beginning	Ending
Accrued Federal Income Tax Liability	[redacted]	
State Tax Liability		
Other Current Liabilities		
Total		

Kapstone Paper & Packaging Corporation & Subs

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Line 18 - Accrued state taxes	Combined		Kapstone Paper and Packaging Corporation-Elim		Adjustments		20-2699372 Kapstone Paper & Packaging Corporation & Subs	
	Beginning	Ending	Beginning	Ending	Beginning	Ending	Beginning	Ending
Accrued State Income Tax	[redacted]							
Total	[redacted]							

Kapstone Paper & Packaging Corporation & Subs

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Line 18 - Accrued state taxes

	Kapstone Paper & Packaging Corporation 20-2699372		Kapstone Container Corporation 58-1392513		Kapstone Kraft Paper Corporation 20-5229654		Longview Fibre Paper & Packaging, Inc 20-3674771	20-2699372
	Beginning	Ending	Beginning	Ending	Beginning	Ending	Beginning	Ending
Accrued State Income Tax	[redacted]							
Total	[redacted]							

Line 18 - Accrued state taxes

	Victory Packaging L.P. 26-0055284		Kapstone Receivables LLC 30-0838683	
	Beginning	Ending	Beginning	Ending
Accrued State Income Tax	[redacted]			
Total	[redacted]			

Line 18 - Other current liabilities	Combined		Kapstone Paper and Packaging Corporation-Elim		Adjustments		20-2699372 Kapstone Paper & Packaging Corporation & Subs	
	Beginning	Ending	Beginning	Ending	Beginning	Ending	Beginning	Ending
Accrued Bonus	[redacted]							
Accrued Commissions								
Accrued Freight								
Accrued Health and Welfare Benefits								
Accrued Interest Payable								
Accrued Legal Expense								
Accrued Other Expenses								
Accrued Payroll W/H-Benefits								
Accrued Pension								
Accrued Professional/Service Fees								
Accrued Severance								
Accrued Taxes-FICA-Employee								
Accrued Taxes-Other								
Accrued Taxes-Personal Property								
Accrued Taxes-Real Estate								
Accrued Taxes-Sales, Empl. & Use								
Accrued Taxes-State Franchise								
Accrued Utilities								
Accrued Vacation								
Accrued Workers Compensation								
Dividends Payable								
Intercompany Payable								
Core reserves								
Total	[redacted]							

Line 18 - Other current liabilities	Kapstone Paper & Packaging Corporation 20-2699372		Kapstone Container Corporation 58-1392513		Kapstone Kraft Paper Corporation 20-5229654		Longview Fibre Paper & Packaging, Inc. 20-3674771	
	Beginning	Ending	Beginning	Ending	Beginning	Ending	Beginning	Ending
Accrued Bonus	[redacted]							
Accrued Commissions								
Accrued Freight								
Accrued Health and Welfare Benefits								
Accrued Interest Payable								
Accrued Legal Expense								
Accrued Other Expenses								
Accrued Payroll W/H-Benefits								
Accrued Pension								
Accrued Professional/Service Fees								
Accrued Severance								
Accrued Taxes-FICA-Employee								
Accrued Taxes-Other								
Accrued Taxes-Personal Property								
Accrued Taxes-Real Estate								
Accrued Taxes-Sales, Empl. & Use								
Accrued Taxes-State Franchise								
Accrued Utilities								
Accrued Vacation								
Accrued Workers Compensation								
Dividends Payable								
Intercompany Payable								
Core reserves								
Total	[redacted]							

Line 18 - Other current liabilities	Victory Packaging L.P. 26-0055284		Kapstone Receivables LLC 30-0838683	
	Beginning	Ending	Beginning	Ending
Accrued Bonus	[redacted]			
Accrued Commissions				
Accrued Freight				
Accrued Health and Welfare Benefits				
Accrued Interest Payable				
Accrued Legal Expense				
Accrued Other Expenses				
Accrued Payroll W/H-Benefits				
Accrued Pension				
Accrued Professional/Service Fees				
Accrued Severance				
Accrued Taxes-FICA-Employee				
Accrued Taxes-Other				
Accrued Taxes-Personal Property				
Accrued Taxes-Real Estate				
Accrued Taxes-Sales, Empl. & Use				
Accrued Taxes-State Franchise				
Accrued Utilities				
Accrued Vacation				
Accrued Workers Compensation				
Dividends Payable				
Intercompany Payable				
Core reserves				
Total	[redacted]			

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	Beginning	Ending
Line 20 - Mortgages, Notes, Bonds Payable in 1 Year or More		
Kapstone Kraft Paper Corporation		
Mortgages, Notes, Bonds Payable in 1 year or more	[redacted]	
Subtotal		
Kapstone Receivables LLC		
Mortgages, Notes, Bonds Payable in 1 year or more		
Subtotal		
Total Line 20 - Mortgages, Notes Bonds Payable in 1 year or more		

Sch. L, Line 21 - Other liabilities

	Combined		Kapstone Paper and Packaging Corporation-Elim		Adjustments		Kapstone Paper & Packaging Corporation & Subs	
	Beginning	Ending	Beginning	Ending	Beginning	Ending	Beginning	Ending
Accr Workers Compensation - NC	[redacted]							
Accrued Taxes- Other - Noncurrent								
Deferred Revenue - Long Term								
Deferred Tax Liability-NC								
Intercompany Payable								
Other Liabilities								
Pension Liability								
Post Retirement Benefits								
Reserve-Environmental-Noncurrent								
Purchase Accounting Adjustment elim								
Total	[redacted]							

Sch. L, Line 21 - Other liabilities

	Kapstone Paper & Packaging Corporation 20-2699372		Kapstone Container Corporation 58-1392513		Kapstone Kraft Paper Corporation 20-5229654		Longview Fibre Paper & Packaging, Inc. 20-3674771	
	Beginning	Ending	Beginning	Ending	Beginning	Ending	Beginning	Ending
Accr Workers Compensation - NC	[redacted]							
Accrued Taxes- Other - Noncurrent								
Deferred Revenue - Long Term								
Deferred Tax Liability-NC								
Intercompany Payable								
Other Liabilities								
Pension Liability								
Post Retirement Benefits								
Reserve-Environmental-Noncurrent								
Purchase Accounting Adjustment elim								
Total	[redacted]							

Sch. L, Line 21 - Other liabilities	Victory Packaging L.P. 26-0055284		Kapstone Receivables LLC 30-0838683	
	Beginning	Ending	Beginning	Ending
Accr Workers Compensation - NC	[redacted]			
Accrued Taxes- Other - Noncurrent				
Deferred Revenue - Long Term				
Deferred Tax Liability-NC				
Intercompany Payable				
Other Liabilities				
Pension Liability				
Post Retirement Benefits				
Reserve-Environmental-Noncurrent				
Purchase Accounting Adjustment elim				
Total	[redacted]			

Sch. L, Line 26 - Adj to shareholders' equity

	Combined		Kapstone Paper and Packaging Corporation-Elim		Adjustments		Kapstone Paper & Packaging Corporation & Subs	
	Beginning	Ending	Beginning	Ending	Beginning	Ending	Beginning	Ending
Other Comprehensive Income	[redacted]							
Total	[redacted]							

Kapstone Paper & Packaging Corporation & Subs

1120 Page 5 Detail

Sch. L, Line 26 - Adj to shareholders' equity

	Kapstone Paper & Packaging Corporation 20-2699372		Kapstone Container Corporation 58-1392513		Kapstone Kraft Paper Corporation 20-5229654		20-2699372 Longview Fibre Paper & Packaging, Inc. 20-3674771	
	Beginning	Ending	Beginning	Ending	Beginning	Ending	Beginning	Ending
Other Comprehensive Income	[redacted]							
Total	[redacted]							

Sch. L, Line 26 - Adj to shareholders' equity	Victory Packaging L.P. 26-0055284		Kapstone Receivables LLC 30-0838683	
	Beginning	Ending	Beginning	Ending
Other Comprehensive Income	[redacted]			
Total	[redacted]			

Consolidated Schedules Sch. M1 and M-2 Summary	Combined	Kapstone Paper and Packaging Corporation-Elim	Adjustments	Kapstone Paper & Packaging Corporation & Subs
Schedule M-1				
1 Net income per books	[redacted]			
2 Federal Income Tax				
3 Excess Capital Losses				
4 Income Subject to Tax not on Books				
5 Expenses Recorded on Books not Deducted on Return				
a Depreciation				
b Charitable Contributions				
c Travel and Entertainment				
Other				
6 Total Lines 1-5				
7 Income Recorded on Books not Included on Return				
a Tax-exempt Interest				
Other				
8 Deductions on Return not on Books				
a Depreciation				
b Charitable Contributions				
Other				
9 Total Lines 7 and 8				
10 Income (Line 28, Page 1)				
Schedule M-2				
1 Balance at beginning of year				
2 Net Income per Books				
3 Other Increases				
4 Total Line 1-3				
5 Distributions				
a Cash				
b Stock				
c Property				
6 Other Decreases				
7 Total lines 5 and 6				
8 Balance at end of year				

Consolidated Schedules Sch. M1 and M-2 Summary	Kapstone Paper & Packaging Corporation 20-2699372	Kapstone Container Corporation 58-1392513	Kapstone Kraft Paper Corporation 20-5229654	Longview Fibre Paper & Packaging, Inc. 20-3674771	Victory Packaging L.P. 26-0055284	Kapstone Receivables LLC 30-0838683
Schedule M-1						
1 Net Income per books	[redacted]					
2 Federal Income Tax						
3 Excess Capital Losses						
4 Income Subject to Tax not on Books						
5 Expenses Recorded on Books not Deducted on Return						
a Depreciation						
b Charitable Contributions						
c Travel and Entertainment						
Other						
6 Total Lines 1-5						
7 Income Recorded on Books not Included on Return						
a Tax-exempt Interest						
Other						
8 Deductions on Return not on Books						
a Depreciation						
b Charitable Contributions						
Other						
9 Total Lines 7 and 8						
10 Income (Line 28, Page 1)						
Schedule M-2						
1 Balance at beginning of year						
2 Net Income per Books						
3 Other Increases						
4 Total Line 1-3						
5 Distributions						
a Cash						
b Stock						
c Property						
6 Other Decreases						
7 Total lines 5 and 6						
8 Balance at end of year						

Schedule N

Question 6 - Foreign Countries

Kapstone Paper & Packaging Corporation

BE
TW
MX

Victory Packaging L.P.

MX

Consolidated Schedules 4626-AMT		Combined	Kapstone Paper and Packaging Corporation---	Adjustments	Kapstone Paper & Packaging Corporation &
1	Taxable income before NOL	[redacted]			
	Adjustments and Preferences				
2 a	Depr. of post 1986 property				
b	Amort of pollution control facilities				
c	Amort of exploration and dev cost				
d	Amort of circulation expenses				
e	Adjusted gain or loss				
f	Long-term contracts				
g	Merchant marine funds				
h	Section 833(b) deduction				
i	Tax shelter farm activities				
j	Passive activities				
k	Loss limitations				
l	Depletion				
m	Tax exempt interest				
n	Intangible drilling costs				
o	Other adjustments				
3	Pre-adjustment AMTI				
	Adjusted current earnings adj				
4 a	ACE from line 10 of worksheet				
b	Line 4a less line 3				
c	Line 4b multiplied by 75%				
d	Total increases over reductions				
e	ACE adjustment				
5	Sum of lines 3 and 4e				
6	AMT NOL deduction				
7	Alternative minimum taxable inc.				

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Consolidated Schedules 4626-AMT		Kapstone Paper & Packaging Corporation 20-2699372	Kapstone Container Corporation 58-1392513	Kapstone Kraft Paper Corporation 20-5229654	Longview Fibre Paper & Packaging, Inc. 20-3674771	Victory Packaging L.P. 26-0055284	Kapstone Receivables LLC 30-0838683
1	Taxable income before NOL	[redacted]					
	Adjustments and Preferences						
2 a	Depr. of post 1986 property						
b	Amort of pollution control facilities						
c	Amort of exploration and dev cost						
d	Amort of circulation expenses						
e	Adjusted gain or loss						
f	Long-term contracts						
g	Merchant marine funds						
h	Section 833(b) deduction						
i	Tax shelter farm activities						
j	Passive activities						
k	Loss limitations						
l	Depletion						
m	Tax exempt interest						
n	Intangible drilling costs						
o	Other adjustments						
3	Pre-adjustment AMTI						
	Adjusted current earnings adj						
4 a	ACE from line 10 of worksheet						
b	Line 4a less line 3						
c	Line 4b multiplied by 75%						
d	Total increases over reductions						
e	ACE adjustment						
5	Sum of lines 3 and 4e						
6	AMT NOL deduction						
7	Alternative minimum taxable inc.						

Form 4626 Detail

Line 2o - Other Adjustments - Contributions Deduction

1. AMTI (excluding contributions and domestic production activities deduction)	
2. Less: NOL carryover	
3. Plus: Capital Loss carryback	
4. AMTI without regard to contributions, special deductions, domestic production activities deduction, NOL carrybacks, and capital loss carrybacks	
5. Contribution deduction limitation (AMTI x 10%)	
6. Amount of deductible contributions	
7. Contribution deduction (Lesser of line 5 or line 6)	

Line 2o - Contributions Adjustment

Regular Contributions	
AMT Contributions	
Contribution adjustment	

Line 2o - Domestic production activities deduction (DPAD) Adjustment

1a. QPAI from oil-related activities	
b. QPAI from all activities	
2. AMTI limitation	
3. Lesser of line 1b or line 2	
4. 9% of line 3	
5a. Lesser of line 1a or line 2	
b. Reduction for oil-related QPAI (Line 5a x 3%)	
6. Line 4 minus line 5b	
7. Wage limitation	
8. Lesser of line 6 or line 7	
9. DPAD from cooperatives	
10. Expanded affiliated group (EAG) allocation	
11. DPAD for AMT purposes (Sum of lines 8, 9, and 10)	
12. DPAD for regular tax	
13. AMT adjustment for DPAD	

Form 4626 Detail

Line 2o - Other Adjustments

Contribution adjustment	[redacted]
Domestic production activities deduction	
Total	

Consolidated Schedules
4626 - ACE Worksheet

		Combined	Kapstone Paper and Packaging Corporation-	Adjustments	Kapstone Paper & Packaging Corporation &
1	Pre-adjustment AMTI	[redacted]			
	ACE depreciation adjustment				
2 a	AMT depreciation expense				
b	ACE depreciation expense:				
	(1) Post-1994 property				
	(2) Post-1990 property				
	(3) Pre-1991 MACRS				
	(4) Pre-1991 ACRS				
	(5) Sec. 168(f)(1)-(4)				
	(6) Other property				
	(7) Total ACE depreciation exp.				
c	ACE depreciation adjustment				
	Items included in E&P				
3 a	Tax exempt interest income				
b	Death benefits from life insurance				
c	Other life insurance distributions				
d	Inside buildup of undist. income				
e	Other items				
f	Total increase due to E&P items				
	Items not deductible in E&P				
4 a	Certain dividends received				
b	Public utility dividends				
c	Dividends paid to an ESOP				
d	Nonpatronage dividends				
e	Other items				
f	Total due to disallowed E&P items				
	Other E&P adjustments				
5 a	Intangible drilling costs				
b	Circulation expenditures				
c	Organizational expenditures				
d	LIFO inventory adjustments				
e	Installment sales				
f	Total other E&P adjustments				
6	Loss disallowance on debts pools				
7	Acquisition expenses				
8	Depletion				
9	Basis adj. from sale of property				
10	Adjusted current earnings				

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Consolidated Schedules
4626 - ACE Worksheet

		Kapstone Paper & Packaging Corporation 20-2699372	Kapstone Container Corporation 58-1392513	Kapstone Kraft Paper Corporation 20-5229654	Longview Fibre Paper & Packaging, Inc. 20-3674771	Victory Packaging L.P. 26-0055284	Kapstone Receivables LLC 30-0838683
1	Pre-adjustment AMTI	[redacted]					
	ACE depreciation adjustment						
2 a	AMT depreciation expense						
b	ACE depreciation expense:						
	(1) Post-1994 property						
	(2) Post-1990 property						
	(3) Pre-1991 MACRS						
	(4) Pre-1991 ACRS						
	(5) Sec. 168(f)(1)-(4)						
	(6) Other property						
	(7) Total ACE depreciation exp.						
c	ACE depreciation adjustment						
	Items included in E&P						
3 a	Tax exempt interest income						
b	Death benefits from life insurance						
c	Other life insurance distributions						
d	Inside buildup of undist. income						
e	Other items						
f	Total increase due to E&P items						
	Items not deductible in E&P						
4 a	Certain dividends received						
b	Public utility dividends						
c	Dividends paid to an ESOP						
d	Nonpatronage dividends						
e	Other items						
f	Total due to disallowed E&P items						
	Other E&P adjustments						
5 a	Intangible drilling costs						
b	Circulation expenditures						
c	Organizational expenditures						
d	LIFO inventory adjustments						
e	Installment sales						
f	Total other E&P adjustments						
6	Loss disallowance on debts pools						
7	Acquisition expenses						
8	Depletion						
9	Basis adj. from sale of property						
10	Adjusted current earnings						

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Consolidated Schedules
Schedule D

		Combined	Kapstone Paper and Packaging Corporation-Elim	Adjustments	Kapstone Paper & Packaging Corporation & Subs
	Short-Term Capital Gains and Losses				
1a	Short-term not on Form 8949				
1b	Form 8949, Part I, Box A				
2	Form 8949, Part I, Box B				
3	Form 8949, Part I, Box C				
4	Gain from installment sales				
5	Gain or loss from Form 8824				
6	Unused capital loss carryover				
7	Net short-term gains and losses				
	Long-Term Capital Gains and Losses				
8a	Long-term not on Form 8949				
8b	Form 8949, Part II, Box D				
9	Form 8949, Part II, Box E				
10	Form 8949, Part II, Box F				
11	Form 4797 Part I gain				
12	Gain from installment sales				
13	Gain or loss from Form 8824				
14	Capital gain distributions				
15	Net long-term gains and losses				
	Summary				
16	Short-term gain over long-term loss				
17	Long-term gain over short-term loss				
18	Net capital gain				

Consolidated Schedules

Schedule D	Kapstone Paper & Packaging Corporation	Kapstone Container Corporation	Kapstone Kraft Paper Corporation	Longview Fibre Paper & Packaging, Inc.	Victory Packaging L.P.	Kapstone Receivables LLC
	20-2699372	58-1392513	20-5229654	20-3674771	26-0055284	30-0838683
Short-Term Capital Gains and Losses						
1a Short-term not on Form 8949						
1b Form 8949, Part I, Box A						
2 Form 8949, Part I, Box B						
3 Form 8949, Part I, Box C						
4 Gain from installment sales						
5 Gain or loss from Form 8824						
6 Unused capital loss carryover						
7 Net short-term gains and losses						
Long-Term Capital Gains and Losses						
8a Long-term not on Form 8949						
8b Form 8949, Part II, Box D						
9 Form 8949, Part II, Box E						
10 Form 8949, Part II, Box F						
11 Form 4797 Part I gain						
12 Gain from installment sales						
13 Gain or loss from Form 8824						
14 Capital gain distributions						
15 Net long-term gains and losses						
Summary						
16 Short-term gain over long-term loss						
17 Long-term gain over short-term loss						
18 Net capital gain						

Schedule M-3, Part I Detail

Line 5a - Net income from nonincludible foreign entities

Name	EIN	Net Income	Total Assets	Total Liabilities	Net Amounts
Kapstone Asia Limited	FOREIGNUS				
Kapstone Europe SPRL	FOREIGNUS				
COM Victory S DE RL DE CV	FOREIGNUS				
Victory Packaging DE MX	FOREIGNUS				
Total		--	[redacted]		

Consolidated Schedules Schedule M-3, Part II		Combined			Kapstone Paper and Packaging Corporation-Elim			
		Per Inc Stmt	Temporary	Permanent	Per Tax Return	Per Inc Stmt	Temporary	Permanent	Per Tax Return
1	Income (loss) from equity method foreign corp.	[redacted]							
2	Gross foreign dividends not previously taxed								
3	Subpart F, QEF, and similar income inclusions								
4	Section 78 gross-up								
5	Gross foreign distrib. previously taxed								
6	Income (loss) from equity method U.S. corp.								
7	U.S. dividends not eliminated in tax consolidation								
8	Minority interest for includible corp.								
9	Income (loss) from U.S. partnerships								
10	Income (loss) from foreign partnerships								
11	Income (loss) from other pass-through entities								
12	Items relating to reportable transactions								
13	Interest income								
14	Total accrual to cash adjustment								
15	Hedging transactions								
16	Mark-to-market income (loss)								
17	Cost of goods sold								
18	Sales versus lease								
19	Section 481(a) adjustments								
20	Unearned/deferred revenue								
21	Income recognition from long-term contracts								
22	Original issue discount/imputed interest								
23a	Income statement gain/loss on sale, exchange, or abandonment								
23b	Gross cap. gains from Sch. D, excluding amount from pass-through entities								
23c	Gross cap. losses from Sch. D, exc. pass-through ent., abandonment, worthless stock								
23d	Net gain/loss reported on Form 4797								
23e	Abandonment losses								
23f	Worthless stock losses								
23g	Other gain/loss on disposition of assets other than inventory								
24	Capital loss limitation and carryforward used								
25	Other income (loss) items with differences								
26	**Total income (loss) items**								
27	**Total expense/deduction items**								
28	Other items with no differences								
29a	1120 subgroup reconciliation totals								
29b	PC insurance subgroup reconciliation totals								
29c	Life insurance subgroup reconciliation totals								
30	**Reconciliation totals**								

Adjustments

Kapstone Paper & Packaging Corporation & Subs

Consolidated Schedules

Schedule M-3, Part II

		Per Inc Stmt	Temporary	Permanent	Per Tax Return	Per Inc Stmt	Temporary	Permanent	Per Tax Return
1	Income (loss) from equity method foreign corp.								
2	Gross foreign dividends not previously taxed								
3	Subpart F, QEF, and similar income inclusions								
4	Section 78 gross-up								
5	Gross foreign distrib. previously taxed								
6	Income (loss) from equity method U.S. corp.								
7	U.S. dividends not eliminated in tax consolidation								
8	Minority interest for includible corp.								
9	Income (loss) from U.S. partnerships								
10	Income (loss) from foreign partnerships								
11	Income (loss) from other pass-through entities								
12	Items relating to reportable transactions								
13	Interest income								
14	Total accrual to cash adjustment								
15	Hedging transactions								
16	Mark-to-market income (loss)								
17	Cost of goods sold								
18	Sales versus lease								
19	Section 481(a) adjustments								
20	Unearned/deferred revenue								
21	Income recognition from long-term contracts								
22	Original issue discount/imputed interest								
23a	Income statement gain/loss on sale, exchange, or abandonment								
23b	Gross cap. gains from Sch. D, excluding amount from pass-through entities								
23c	Gross cap. losses from Sch. D, exc. pass-through ent., abandonment, worthless stock								
23d	Net gain/loss reported on Form 4797								
23e	Abandonment losses								
23f	Worthless stock losses								
23g	Other gain/loss on disposition of assets other than inventory								
24	Capital loss limitation and carryforward used								
25	Other income (loss) items with differences								
26	**Total income (loss) items**								
27	**Total expense/deduction items**								
28	Other items with no differences								
29a	1120 subgroup reconciliation totals								
29b	PC insurance subgroup reconciliation totals								
29c	Life insurance subgroup reconciliation totals								
30	**Reconciliation totals**								

Schedule M-3, Part II Detail

Line 25 - Other inc (loss) items with differences	Combined Per Inc Stmt	Combined Temporary	Combined Permanent	Combined Per Tax Return	Kapstone Paper and Packaging Corporation-Elim Per Inc Stmt	Kapstone Paper and Packaging Corporation-Elim Temporary	Kapstone Paper and Packaging Corporation-Elim Permanent	Kapstone Paper and Packaging Corporation-Elim Per Tax Return
Foreign Exchange Gain - Unrealized	[redacted]							
Total	[redacted]							

Schedule M-3, Part II Detail

Line 25 - Other inc (loss) items with differences:	Per Inc Stmt	Temporary	Permanent	Per Tax Return	Per Inc Stmt	Temporary	Permanent	Per Tax Return
	Adjustments				Kapstone Paper & Packaging Corporation & Subs			
Foreign Exchange Gain - Unrealized	[redacted]							
Total	[redacted]							

Schedule M-3, Part II Detail

Line 25 - Other income items with differences	Kapstone Paper & Packaging Corporation 20-2699372				Kapstone Container Corporation 58-1392513			
	Per Inc Stmt	Temporary	Permanent	Per Tax Return	Per Inc Stmt	Temporary	Permanent	Per Tax Return
Foreign Exchange Gain - Unrealized	[redacted]							
Total	[redacted]							

Kapstone Paper & Packaging Corporation & Subs

Schedule M-3, Part II Detail

20-2699372

Line 25 - Other income items with differences	Kapstone Kraft Paper Corporation 20-5229654				Longview Fibre Paper & Packaging, Inc. 20-3674771			
	Per Inc Stmt	Temporary	Permanent	Per Tax Return	Per Inc Stmt	Temporary	Permanent	Per Tax Return
Foreign Exchange Gain - Unrealized	[redacted]							
Total	[redacted]							

Kapstone Paper & Packaging Corporation & Subs

20-2699372

Schedule M-3, Part II Detail

Line 25 - Other income items with differences	Victory Packaging L.P. 26-0055284			Kapstone Receivables LLC 30-0838683			
	Per Inc Stmt	Temporary	Permanent	Per Tax Return	Per Inc Stmt	Temporary	Permanent	Per Tax Return
Foreign Exchange Gain - Unrealized	[redacted]							
Total	[redacted]							

Consolidated Schedules
Schedule M-3, Part III

		Combined				Kapstone Paper and Packaging Corporation-Elim			
		Per Inc Stmt	Temporary	Permanent	Per Tax Return	Per Inc Stmt	Temporary	Permanent	Per Tax Return
1	U.S. current income tax exp.	[redacted]							
2	U.S. deferred income tax exp.								
3	State and local current income tax exp.								
4	State and local deferred income tax exp.								
5	Foreign current income tax exp.								
6	Foreign deferred income tax exp.								
7	Foreign withholding taxes								
8	Interest expense								
9	Stock option expense								
10	Other equity-based compensation								
11	Meals and entertainment								
12	Fines and penalties								
13	Judgments, damages, awards, and similar costs								
14	Parachute payments								
15	Compensation with sect. 162(m) limitation								
16	Pension and profit-sharing								
17	Other post-retirement benefits								
18	Deferred compensation								
19	Charitable contribution - cash/tangibles								
20	Charitable contribution - intangible								
21	Charitable contribution limitation/carryforward								
22	Domestic production activities deduction								
23	Current year acquisition or reorg. investment banking fees								
24	Current year acquisition or reorg. legal and accounting fees								
25	Current year acquisition/reorg. other costs								
26	Amortization/impairment of goodwill								
27	Amortization of acquisition and reorg.								
28	Other amort. or impairment write-offs								
29	Reserved								
30	Depletion								
31	Depreciation								
32	Bad debt expense								
33	Corporate owned life insurance premiums								
34	Purchase versus lease								
35	Research and development costs								
36	Section 118 exclusion								
37	Other expense/ded. items with differ.								
38	**Total expense/deduction items**								

Consolidated Schedules Schedule M-3, Part III	Adjustments Per Inc Stmt	Temporary	Permanent	Per Tax Return	Kapstone Paper & Packaging Corporation & Subs Per Inc Stmt	Temporary	Permanent	Per Tax Return
1 U.S. current income tax exp.	[redacted]							
2 U.S. deferred income tax exp.								
3 State and local current income tax exp.								
4 State and local deferred income tax exp.								
5 Foreign current income tax exp.								
6 Foreign deferred income tax exp.								
7 Foreign withholding taxes								
8 Interest expense								
9 Stock option expense								
10 Other equity-based compensation								
11 Meals and entertainment								
12 Fines and penalties								
13 Judgments, damages, awards, and similar costs								
14 Parachute payments								
15 Compensation with sect. 162(m) limitation								
16 Pension and profit-sharing								
17 Other post-retirement benefits								
18 Deferred compensation								
19 Charitable contribution - cash/tangibles								
20 Charitable contribution - intangible								
21 Charitable contribution limitation/carryforward								
22 Domestic production activities deduction								
23 Current year acquisition or reorg. investment banking fees								
24 Current year acquisition or reorg. legal and accounting fees								
25 Current year acquisition/reorg. other costs								
26 Amortization/impairment of goodwill								
27 Amortization of acquisition and reorg.								
28 Other amort. or impairment write-offs								
29 Reserved								
30 Depletion								
31 Depreciation								
32 Bad debt expense								
33 Corporate owned life insurance premiums								
34 Purchase versus lease								
35 Research and development costs								
36 Section 118 exclusion								
37 Other expense/ded. items with differ.								
38 **Total expense/deduction items**								

Schedule M-3, Part III Detail

Line 18 - Deferred compensation

Description	Expense Per Income Stmt	Temporary Difference	Permanent Difference	Deduction Per Tax Return
Kapstone Paper & Packaging Corporation				
Deferred Compensation	[redacted]			
Subtotal				
Longview Fibre Paper & Packaging, Inc.				
Deferred Compensation				
Subtotal				
Total				

Schedule M-3, Part III Detail

Line 37 - Other exp / ded items with differences	Combined				Kapstone Paper and Packaging Corporation-Elim			
	Per Inc Stmt	Temporary	Permanent	Per Tax Return	Per Inc Stmt	Temporary	Permanent	Per Tax Return
Lobbying	[redacted]							
Miscellaneous Expense								
Salaries and Wages								
Worker's Compensation								
Total	[redacted]							

Schedule M-3, Part III Detail

Line 37 - Other exp / ded items with differences	Adjustments			Kapstone Paper & Packaging Corporation & Subs			
	Per Inc Stmt	Temporary	Permanent	Per Tax Return	Per Inc Stmt	Temporary	Permanent	Per Tax Return
Lobbying	[redacted]							
Miscellaneous Expense								
Salaries and Wages								
Worker's Compensation								
Total								

Schedule M-3, Part III Detail

Line 37 - Other exp / ded items with differences	Kapstone Paper & Packaging Corporation 20-2699372				Kapstone Container Corporation 58-1392513			
	Per Inc Stmt	Temporary	Permanent	Per Tax Return	Per Inc Stmt	Temporary	Permanent	Per Tax Return
Lobbying	[redacted]							
Miscellaneous Expense								
Salaries and Wages								
Worker's Compensation								
Total	[redacted]							

Kapstone Paper & Packaging Corporation & Subs

Schedule M-3; Part III Detail

	Kapstone Kraft Paper Corporation				Longview Fibre Paper & Packaging, Inc.			
	20-5229654				20-3674771			
Line 37 - Other exp / ded items with differences	Per Inc Stmt	Temporary	Permanent	Per Tax Return	Per Inc Stmt	Temporary	Permanent	Per Tax Return
Lobbying	[redacted]							
Miscellaneous Expense								
Salaries and Wages								
Worker's Compensation								
Total								

Kapstone Paper & Packaging Corporation & Subs

Schedule M-3, Part III Detail

20-2699372

Line 37 - Other exp / ded items with differences	Victory Packaging L.P. 26-0055284				Kapstone Receivables LLC 30-0838683			
	Per Inc Stmt	Temporary	Permanent	Per Tax Return	Per Inc Stmt	Temporary	Permanent	Per Tax Return
Lobbying	[redacted]							
Miscellaneous Expense								
Salaries and Wages								
Worker's Compensation								
Total	[redacted]							

	Combined	Kapstone Paper and Packaging Corporation-Elim	Adjustments	Kapstone Paper & Packaging Corporation & Subs
Consolidated Schedules				
Cost of Goods Sold				
1 Inventory - beginning	[redacted]			
2 Purchases				
3 Cost of Labor				
4 Addtl. 263A Costs				
5 Other Costs				
6 Total				
7 Inventory - Ending				
8 Cost of Goods Sold				

	Kapstone Paper & Packaging Corporation	Kapstone Container Corporation	Kapstone Kraft Paper Corporation	Longview Fibre Paper & Packaging, Inc.	Victory Packaging L.P.	Kapstone Receivables LLC
Consolidated Schedules	20-2699372	58-1392513	20-5229654	20-3674771	26-0055284	30-0838683
Cost of Goods Sold						
1 Inventory - beginning	[redacted]					
2 Purchases						
3 Cost of Labor						
4 Addtl. 263A Costs						
5 Other Costs						
6 Total						
7 Inventory - Ending						
8 Cost of Goods Sold						

Form 1125-A Detail

Line 5 - Other cost of goods sold

	Combined	Kapstone Paper and Packaging Corporation- Elim	Adjustments	Kapstone Paper & Packaging Corporation & Subs
COGS - Obsolescence Reserves	[redacted]			
COGS - Other Expenses - Temporary				
COGS - Personal Property Rent				
COGS - Supplies				
COGS - Workers Comp				
Depreciation				
COGS - Distribution Costs				
COGS - Cost of Material				
COGS - Prepaid Licenses				
COGS - Repairs and Maintenance				
COGS - Prepaid Warehousing Costs				
COGS - Freight and Other Delivery Costs				
COGS - Other Costs Temporary				
Total	[redacted]			

Form 1125-A Detail

Line 5 - Other cost of goods sold	Kapstone Paper & Packaging Corporation 20-2699372	Kapstone Container Corporation 58-1392513	Kapstone Kraft Paper Corporation 20-5229654	Longview Fibre Paper & Packaging, Inc 20-3674771	Victory Packaging L.P. 26-0055284	Kapstone Receivables LLC 30-0838683
COGS - Obsolescence Reserves	[redacted]					
COGS - Other Expenses - Temporary						
COGS - Personal Property Rent						
COGS - Supplies						
COGS - Workers Comp						
Depreciation						
COGS - Distribution Costs						
COGS - Cost of Material						
COGS - Prepaid Licenses						
COGS - Repairs and Maintenance						
COGS - Prepaid Warehousing Costs						
COGS - Freight and Other Delivery Costs						
COGS - Other Costs Temporary						
Total	[redacted]					

Form 1125-E Detail

Name	Soc Sec #	% Bus	% Com	% Pref	Amount
Compensation of Officers					
Kapstone Paper & Packaging Corporation					
MATTHEW KAPLAN	999-99-9999				
ROGER STONE	999-99-9999				
TIMOTHY KENEALLY	999-99-9999				
ANDREA TARBOX	999-99-9999				
RANDY NEBEL	999-99-9999				
Total - Compensation of Officers					[redacted]
Compensation of officers deducted on tax return					[redacted]

Form 2220, Line 8 - Large Corporation Computation

Form 2220, line 3 - Adjusted current year tax [redacted]
line 4 - 100% of prior year tax

If Form 2220, line 4 is less than line 3
a) 25% of line 4 (first installment)
b) Line 3 - line 4
c) Line 3 + line b
d) 25% of line c (second installment)
e) 25% of line 3 (third installment)
f) 25% of line 3 (fourth installment)

[redacted]

Form 2220, Page 2 Penalty Detail

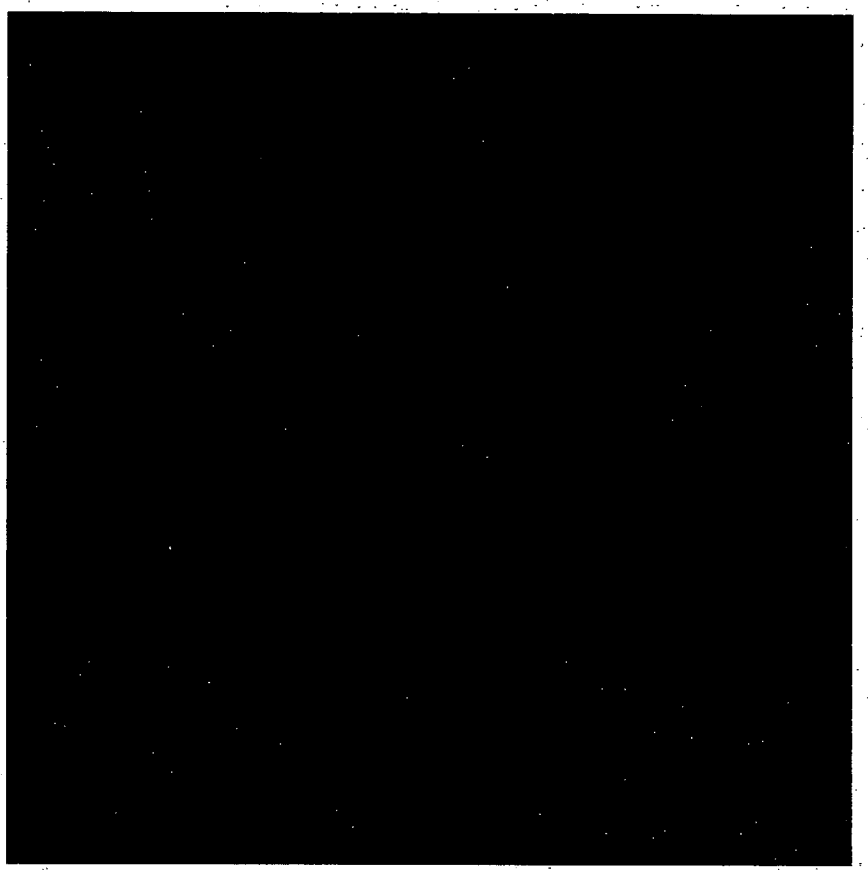
Column	Amount Applied	Remaining Underpayment	Payment Date	Days Late	Penalty
(C)	[redacted]				
(D)					
Total					

Kapstone Paper & Packaging Corporation & Subs

	Combined	Kapstone Paper and Packaging Corporation- Elim	Adjustments	Kapstone Paper & Packaging Corporation & Subs
Consolidated Schedules - Form 4562				
Consolidated 4562 Summary				
Part I - Section 179 Expense				
2 Sec 179 property placed in Service in current year	[redacted]			
6 Nonlisted property				
7 Listed property				
8 Total elected cost				
9 Tentative deduction				
10 Carryover from 2015				
12 Sec 179 expense deduction				
13 Carryover to 2017				
Part II - Other Depreciation				
14 Special depreciation allowance				
15 Property subject to 168(f)(1)				
16 ACRS and other depreciation				
Part III - MACRS				
17 MACRS deduction - prior years				
19 General Depreciation System				
a. 3-year property				
b. 5-year property				
c. 7-year property				
d. 10-year property				
e. 15-year property				
f. 20-year property				
g. 25-year property				
h. 27.5-year residential real				
i. 39-year nonresidential real				
20 Alternative Depreciation System				
a. Class life				
b. 12-year				
c. 40-year				
Part IV - Summary				
21 Listed Property				
22 Total depreciation				
42 Amortization - current year				
43 Amortization - prior year				
44 Total Amortization				

Kapstone Paper & Packaging Corporation & Subs

	Kapstone Paper & Packaging Corporation	Kapstone Container Corporation	Kapstone Kraft Paper Corporation	Longview Fibre Paper & Packaging, Inc.	Victory Packaging L.P.	Kapstone Receivables LLC
Consolidated Schedules - Form 4562						
Consolidated 4562 Summary	20-2699372	58-1392513	20-5229654	20-3674771	26-0055284	30-0838683
Part I - Section 179 Expense						
2 Sec 179 property placed in Service in current year						
6 Nonlisted property						
7 Listed property						
8 Total elected cost						
9 Tentative deduction						
10 Carryover from 2015						
12 Sec 179 expense deduction						
13 Carryover to 2017						
Part II - Other Depreciation						
14 Special depreciation allowance						
15 Property subject to 168(f)(1)						
16 ACRS and other depreciation						
Part III - MACRS						
17 MACRS deduction - prior years						
19 General Depreciation System						
a. 3-year property						
b. 5-year property						
c. 7-year property						
d. 10-year property						
e. 15-year property						
f. 20-year property						
g. 25-year property						
h. 27.5-year residential real						
i. 39-year nonresidential real						
20 Alternative Depreciation System						
a. Class life						
b. 12-year						
c. 40-year						
Part IV - Summary						
21 Listed Property						
22 Total depreciation						
42 Amortization - current year						
43 Amortization - prior year						
44 Total Amortization						



	Combined	Kapstone Paper and Packaging Corporation-	Adjustments	Kapstone Paper & Packaging Corporation
Consolidated Schedules Form 4797				
Column (g) Section 1231 Gains/Losses				
From Form 4797, line 2	[redacted]			
Gain from Form 4684, line 39				
Gain from Form 6252				
From Form 8824				
Gain from Form 4797, line 32				
Total Section 1231 gain (loss)				
Nonrecaptured prior year losses				
Net Section 1231 gain				
Ordinary Gains and Losses				
From Form 4797, line 10				
Section 1231 loss				
Section 1231 gain				
Gain from Form 4797, line 31				
From Form 4684				
From Form 6252				
From Form 8824				
Net ordinary gain or (loss)				

Consolidated Schedules Form 4797	Kapstone Paper & Packaging Corporation 20-2699372	Kapstone Container Corporation 58-1392513	Kapstone Kraft Paper Corporation 20-5229654	Longview Fibre Paper & Packaging, Inc. 20-3674771	Victory Packaging L. P. 26-0055284	Kapstone Receivables LLC 30-0838683
Column (g) Section 1231 Gains/Losses						
From Form 4797, line 2	[redacted]					
Gain from Form 4684, line 39						
Gain from Form 6252						
From Form 8824						
Gain from Form 4797, line 32						
Total Section 1231 gain (loss)						
Nonrecaptured prior year losses						
Net Section 1231 gain						
Ordinary Gains and Losses						
From Form 4797, line 10						
Section 1231 loss						
Section 1231 gain						
Gain from Form 4797, line 31						
From Form 4684						
From Form 6252						
From Form 8824						
Net ordinary gain or (loss)						

Form 4797, Page 1 Detail Kapstone Paper & Packaging Corporation

Line 2 - Most Property Held More Than 1 Year

Property Description	Date Acq	Date Sold	Sales Price	Depreciation	Cost or Basis	Gain or Loss
Various Fixed Assets	VARIOUS	VARIOUS	[redacted]			
Part I 4797 Gains and Losses						

Form 4797, Page 1 Detail Kapstone Container Corporation

Line 10 - Ordinary Gains and Losses

Property Description	Date Acq	Date Sold	Sales Price	Depreciation	Cost or Basis	Gain or Loss
Various Fixed Assets	VARIOUS	VARIOUS	[redacted]			
Part II 4797 Ordinary Gains and Losses						

Form 4797, Page 1 Detail Kapstone Kraft Paper Corporation

Line 10 - Ordinary Gains and Losses

Property Description	Date Acq	Date Sold	Sales Price	Depreciation	Cost or Basis	Gain or Loss
Various Fixed Assets	VARIOUS	VARIOUS	[redacted]			
Part II 4797 Ordinary Gains and Losses						

Form 4797, Page 1 Detail Longview Fibre Paper & Packaging, Inc.

Line 10 - Ordinary Gains and Losses

Property Description	Date Acq.	Date Sold	Sales Price	Depreciation	Cost or Basis	Gain or Loss
VARIOUS	VARIOUS	VARIOUS	[redacted]			
Part II 4797 Ordinary Gains and Losses						

Form 4797, Page 1 Detail Victory Packaging L.P.

Line 10 - Ordinary Gains and Losses

Property Description	Date Acq	Date Sold	Sales Price	Depreciation	Cost or Basis	Gain or Loss
VARIOUS	VARIOUS	VARIOUS	[redacted]			
Part II 4797 Ordinary Gains and Losses						

Sch C, Line 8 - Other Income	Func Currency	US Currency
MANAGEMENT FEE INCOME		
FOREIGN EXCHANGE GAIN		
Total		

Sch C, Line 15 - Taxes		
Taxes		
Total		

Sch C, Line 16 - Other Deductions		
Professional Fees		
Travel Expense		
Other Deductions		
Total		

Sch C, Line 20 - Provision for Taxes		
FOREIGN CURRENT INCOME TAX		
Total		

Form 5471, Page 3 Detail

Sch F, Line 4 - Other Current Assets	Beginning	Ending
VAT RECEIVABLE		
PREPAID EXPENSES		
MANAGEMENT FEE RECEIVABLE		
RENTAL DEPOSITS		
TRAVEL ADVANCES		
Total		

Sch F, Line 15 - Other Current Liabilities
ACCRUED AUDIT
ACCRUED EXPENSES
FOREIGN CURRENT INCOME TAX
Total

[redacted]

Form 5471, Page 2 Detail

	Func Currency	US Currency
Sch C, Line 8 - Other Income		
MANAGEMENT FEE INCOME		
FOREIGN EXCHANGE GAIN		
Total		
Sch C, Line 16 - Other Deductions		
Benefits		
Travel and Entertainment		
Other operating expenses		
Professional fees		
Total		
Sch C, Line 20 - Provision for Taxes		
FOREIGN CURRENT INCOME TAX		
Total		

Form 5471, Page 3 Detail

	Beginning	Ending
Sch F, Line 4 - Other Current Assets		
MANAGEMENT FEE RECEIVABLE		[redacted]
PREPAID EXPENSES		
VAT RECEIVABLE		
Total		
Sch F, Line 12 - Other Assets		
TRAVEL ADVANCES		
RENTAL DEPOSITS		
SECURITY DEPOSIT		
DEFERRED CHARGES		
OTHER EMPLOYEE RECEIVABLE		
Total		
Sch F, Line 15 - Other Current Liabilities		
Accrued Pension		
ACCRUED TAXES - FOREIGN INCOME TAX		
Total		
Sch F, Line 17 - Other Liabilities		
Pension Liabilities		
Total		

Form 5471, Page 2 Detail

	Func Currency	US Currency
Sch C, Line 8 - Other Income		
Foreign Exchange gain		
Total		
Sch C, Line 16 - Other Deductions		
Repairs and Maintenance		
Bad Debts		
Charitable Contributions - Cash		
Advertising		
Employee Benefit Programs - Medical		
Meals and Entertainment		
Bank Fees		
Commissions Expense		
Computer Expense		
Contract Labour		
Dues and Subscriptions		
Licensing costs		
Miscellaneous Expense		
Other Services		
Outside Services		
Supplies Expense		
Penalties and Fines		
Professional and Service Fees		
Telephone Expense		
Training/Education/Seminars		
Total		
Sch C, Line 20 - Provision for Taxes		
Provision for Taxes		
Total		

Form 5471, Page 3 Detail

	Beginning	Ending
Sch F, Line 4 - Other Current Assets		
Other Prepaid Expenses		
Prepaid Insurance		
IVA Accreditable 16%		
Vat Receivable for Import		
VAT Receivable for discount		
VAT Receivable paid		
VAT Receivable Filed		
10% IRS Retention for Leasing		
10% IRS Retention Honoraries		
4% IVA Retention PF		
10% IVA Retention Honoraries		
IVA Tax Payable 16%		
Welfare to work		
IVA Tax Retention - offset		
IVA Tax - 16% Retention		
VAT payable collected		
Miscellaneous Receivables		
Prepaid Other		
Total		
Sch F, Line 6 - Investment in Subsidiaries		
Investments in Subsidaries		
Total		
Sch F, Line 12 - Other Assets		
Deposits		
Total		
Sch F, Line 15 - Other Current Liabilities		
Accrued Liabilities		
Accrued Rebates to Customers		

Continued on next page

Form 5471, Page 3 Detail

Sch F, Line 15 - Other Current Liabilities (Cont'd)	Beginning	Ending
ISR Salaries Withheld		[redacted]
State Tax Payable		
Social Security Payable		
SAR Payable		
Housing Tax Payable		
Social Security Withheld		
Housing Tax Withheld		
Savings to pay (biweekly)		
Savings to pay (weekly)		
Profit sharing to pay (PTU)		
Mexico Income Tax Payable		
Accrued Bonus		
Accrued Other Expenses		
Total		

Sch F, Line 17 - Other Liabilities		
A/R Related Party		[redacted]
A/P Kapstone		
Intercompany Accounts Pay		
Intercompany Kapstone AP		
Intercompany Accounts Rec		
NP related party Nacionales		
Accrued Payroll Withholding benefit		
Accrued Severance		
Accrued Vacation		
Core Reserves		
Accrued Taxes-Foreign Income Tax		
Intercompany Payable		
Total		

Form 5471, Page 4 Detail

Sch H, Line 2h - Other reconciling items	Net Additions	Net Subtracts
Allowance for bad debt		
Obsolesence Reserve		
Severence Reserve		
Total		

Sch C, Line 8 - Other Income	Func Currency	US Currency
Foreign Exchange Gain	[redacted]	
Commission Expense		
Total		

Sch C, Line 16 - Other Deductions		
Repair & Maintenance		
Advertising		
Meals and Entertainment		
Bank Fees		
Commissions Expense		
Computer expense		
Contract Labor		
Dues & Subscriptions		
Licensing Costs		
Miscellaneous Expense		
Other Services		
Outside Services		
Supplies Expense		
Professional and Service Fees		
Telephone Expense		
Training/Education/Seminars		
Total		

Sch C, Line 20 - Provision for Taxes		
Provision for Taxes		
Total		

Form 5471, Page 3 Detail

	Beginning		Ending	
	Func Currency	US Currency	Func Currency	US Currency
Sch F, Line 4 - Other current assets				
IVA Accreditable 16%				
Vat Receivable for Import				
VAT Receivable for discount				
VAT Receivable paid				
VAT Receivable Filed				
10% IRS Retention for Leasing				
10% IRS Retention Honoraries				
4% IVA Retention PF				
10% IVA Retention Honoraries				
IVA Tax Payable 16%				
Miscellaneous Receivables				
Prepaid Other				
Totals				
Sch F, Line 6 - Investment in subsidiaries				
Investments in Subsidiaries				
Totals				
Sch F, Line 12 - Other assets				
Deposits				
Totals				
Sch F, Line 15 - Other current liabilities				
Accrued Liabilities				
Taxes Payable				
Accrued Bonus				
Totals				

Form 5471, Page 3 Detail

	Beginning		Ending	
	Func Currency	US Currency	Func Currency	US Currency
Sch F, Line 17 - Other liabilities				
A/R Related Party				
A/R related party Nacionales				
Deferred Rent Expense				
Note Rec related party Nacion				
A/R interest Related Party Na				
Intercompany Accounts Rec				
Intercompany Accounts Pay				
Intercompany Kapstone AP				
Income Taxes Payable Foreign				
Intercompany Payable				
Other Liabilities				
Totals				

Form 6765 Page 2 Detail

Controlled Group Member Statement

Corporation Name	Share of Credit
Kapstone Paper & Packaging Corporation	[redacted]

Pass-Through Activities

Ordinary Income Activity

SCHWARZ PARTNERS PACKAGING MIAMI, LLC
3600 WOODVIEW TRACE, SUITE 300
INDIANAPOLIS, IN 46268

Federal EIN of pass-through entity: 58-1392513

[redacted]

Ordinary income
Domestic production gross receipts
Gross receipts from all sources
COGS allocable to DPGR
COGS from all sources
Deductions directly allocable to DPGR
Deductions directly allocable to non-DPGR
Form W-2 wages

Alternative minimum tax (AMT) items

Post-1986 depreciation adjustment

Consolidated Schedules Form 8903	Combined Oil-related Pro	Combined All Activities	Kapstone Paper and Packaging Corporation-Elim Oil-related Pro	Kapstone Paper and Packaging Corporation-Elim All Activities	Adjustments Oil-related Pro	Adjustments All Activities	Kapstone Paper & Packaging Corporation & Subs Oil-related Pro	Kapstone Paper & Packaging Corporation & Subs All Activities
1 Domestic production gross receipts								
2 Allocable cost of goods sold								
3 Deductions and losses								
4 Pro rata share								
5 Add lines 2 through 4								
6 Subtract line 5 from line 1								
7 Qualified prod activities inc from pass-through								
8 Add lines 6 and 7								
9 Amount allocated to beneficiaries of the estate or trust								
10 Qualified production activities inc								
11 Income limitation								
12 Enter the smaller of line 10b or line 11								
13 Enter 9% of line 12								
14a Enter the smaller of line 10a or line 12								
b Reduction for oil-related QPAI								
15 Subtract line 14b from line 13								
16 Form W-2 wages								
17 Form W-2 wages from pass-through								
18 Add lines 16 and 17								
19 Amount allocated to beneficiaries of the estate or trust								
20 Estates and trusts, subtract line 19 from line 18								
21 Form W-2 wage limitation								
22 Enter the smaller of line 15 or line 21								
23 DPAD from cooperatives								
24 Expanded affiliated group allocation								
25 Domestic production activities ded								

Consolidated Schedules Form 8903	Kapstone Paper & Packaging Corporation 20-2699372		Kapstone Container Corporation 58-1392513		Kapstone Kraft Paper Corporation 20-5229654		Longview Fibre Paper & Packaging, Inc. 20-3674771	
	Oil-related Pro	All Activities	Oil-related Pro	All Activities	Oil-related Pro	All Activities	Oil-related Pro	All Activities
1 Domestic production gross receipts	[redacted]							
2 Allocable cost of goods sold								
3 Deductions and losses								
4 Pro rata share								
5 Add lines 2 through 4								
6 Subtract line 5 from line 1								
7 Qualified prod activities inc from pass-through								
8 Add lines 6 and 7								
9 Amount allocated to beneficiaries of the estate or trust								
10 Qualified production activities inc								
11 Income limitation								
12 Enter the smaller of line 10b or line 11								
13 Enter 9% of line 12								
14a Enter the smaller of line 10a or line 12								
b Reduction for oil-related QPAI								
15 Subtract line 14b from line 13								
16 Form W-2 wages								
17 Form W-2 wages from pass-through								
18 Add lines 16 and 17								
19 Amount allocated to beneficiaries of the estate or trust								
20 Estates and trusts, subtract line 19 from line 18								
21 Form W-2 wage limitation								
22 Enter the smaller of line 15 or line 21								
23 DPAD from cooperatives								
24 Expanded affiliated group allocation								
25 Domestic production activities ded								

Consolidated Schedules Form 8903		Victory Packaging L.P. 26-0055284		Kapstone Receivables LLC 30-0838683	
		Oil-related Pro	All Activities	Oil-related Pro	All Activities
1	Domestic production gross receipts	[redacted]			
2	Allocable cost of goods sold				
3	Deductions and losses				
4	Pro rata share				
5	Add lines 2 through 4				
6	Subtract line 5 from line 1				
7	Qualified prod activities inc from pass-through				
8	Add lines 6 and 7.				
9	Amount allocated to beneficiaries of the estate or trust.				
10	Qualified production activities inc				
11	Income limitation				
12	Enter the smaller of line 10b or line 11				
13	Enter 9% of line 12				
14a	Enter the smaller of line 10a or line 12				
b	Reduction for oil-related QPAI				
15	Subtract line 14b from line 13				
16	Form W-2 wages				
17	Form W-2 wages from pass-through				
18	Add lines 16 and 17				
19	Amount allocated to beneficiaries of the estate or trust.				
20	Estates and trusts, subtract line 19 from line 18.				
21	Form W-2 wage limitation				
22	Enter the smaller of line 15 or line 21				
23	DPAD from cooperatives				
24	Expanded affiliated group allocation				
25	Domestic production activities ded				

Form 8916-A, Part I Detail

Line 6 - Other items with differences

Description	Per Income Stmt	Temporary Difference	Permanent Difference	Per Tax Return
Kapstone Container Corporation				
COGS - Vacation				
COGS - Fines and Penalties				
COGS - Other Expenses - Temporary				
COGS - Repairs and Maintenance				
Subtotal				
Kapstone Kraft Paper Corporation				
COGS - Vacation				
COGS - Fines and Penalties				
COGS - Other Expenses - Temporary				
COGS - Repairs and Maintenance				
COGS - Workers Comp				
Subtotal				
Longview Fibre Paper & Packaging, Inc.				
COGS - Vacation				

[redacted]

Continued on next page

Form 8916-A, Part I Detail

Line 6 - Other items with differences (Cont'd)

Description	Per Income Stmt	Temporary Difference	Permanent Difference	Per Tax Return
COGS - Fines and Penalties				
COGS - Other Expenses - Temporary				
COGS - Repairs and Maintenance				
COGS - LIFO Adjustment				
Subtotal				
Total				

Form 8916-A, Part I Detail

Line 7 - Other items with no differences

Kapstone Container Corporation

COGS - Beginning Inventory
COGS - Cost of Labor
COGS - Cost of Material
COGS - Distribution Costs
COGS - Ending Inventory
COGS - Personal Property Rent
COGS - Prepaid Licenses
COGS - Prepaid Warehousing Costs
COGS - Purchases
COGS - Supplies
COGS - Purchases-Intercompany
COGS - Freight and Other Delivery Costs

Subtotal

Kapstone Kraft Paper Corporation

COGS - Beginning Inventory
COGS - Cost of Labor
COGS - Cost of Material
COGS - Distribution Costs
COGS - Ending Inventory
COGS - Prepaid Warehousing Costs
COGS - Purchases
COGS - Supplies
COGS - Purchases-Intercompany
COGS - Freight and Other Delivery Costs
COGS - Other Costs Temporary

Subtotal

Longview Fibre Paper & Packaging, Inc.

COGS - Beginning Inventory
COGS - Cost of Labor
COGS - Cost of Material

[redacted]

Continued on next page

Form 8916-A, Part I Detail

Line 7 - Other items with no differences (Cont'd)

COGS - Distribution Costs	[redacted]
COGS - Ending Inventory	
COGS - Personal Property Rent	
COGS - Prepaid Licenses	
COGS - Prepaid Warehousing Costs	
COGS - Purchases	
COGS - Supplies	
COGS - Freight and Other Delivery Costs	
Subtotal	
Victory Packaging L.P.	
COGS - Beginning Inventory	
COGS - Ending Inventory	
COGS - Purchases	
Subtotal	
Kapstone Paper and Packaging Corporation-Elim	
COGS - Purchases	
Subtotal	
Total	

Form 8916-A, Part II Detail

Line 5 - Other Interest Income

Description	Per Income Stmt	Temporary Difference	Permanent Difference	Per Tax Return
Kapstone Paper & Packaging Corporation				
Other interest income	[redacted]			
Subtotal				
Longview Fibre Paper & Packaging, Inc.				
Other interest income				
Subtotal				
Victory Packaging L.P.				
Other interest income				
Subtotal				
Total				

Form 8916-A, Part III Detail

Line 4 - Other Interest Expense

Description	Per Income Stmt	Temporary Difference	Permanent Difference	Per Tax Return
Kapstone Paper & Packaging Corporation				
Other interest expense	[redacted]			
Subtotal				
Kapstone Kraft Paper Corporation				
Other interest expense				
Subtotal				
Kapstone Receivables LLC				
Other interest expense				
Subtotal				
Total				

Form **8594**
(Rev. December 2012)
Department of the Treasury
Internal Revenue Service

Asset Acquisition Statement Under Section 1060

▶ Attach to your income tax return.
▶ Information about Form 8594 and its separate instructions is at *www.irs.gov/form8594*

OMB No. 1545-1021
Attachment Sequence No. **169**

Name as shown on return	Identifying number as shown on return
KAPSTONE CONTAINER CORPORATION	58-1392513

Check the box that identifies you:
☑ Purchaser ☐ Seller

Part I General Information

1 Name of other party to the transaction	Other party's identifying number
SCHWARZ PARTNERS PACKAGING, LLC	20-5239639

Address (number, street, and room or suite no.)
3600 WOODVIEW TRACE, SUITE 300

City or town, state, and ZIP code
INDIANAPOLIS, IN 46268

2 Date of sale	3 Total sales price (consideration)
09/01/2016	[redacted]

Part II Original Statement of Assets Transferred

4 Assets	Aggregate fair market value (actual amount for Class I)	Allocation of sales price
Class I	$	[redacted]
Class II	$	
Class III	$	
Class IV	$	
Class V	$	
Class VI and VII	$	
Total	$	

5 Did the purchaser and seller provide for an allocation of the sales price in the sales contract or in another written document signed by both parties? . . . . . ☑ Yes ☐ No

If "Yes," are the aggregate fair market values (FMV) listed for each of asset Classes I, II, III, IV, V, VI, and VII the amounts agreed upon in your sales contract or in a separate written document? . . . . . ☑ Yes ☐ No

6 In the purchase of the group of assets (or stock), did the purchaser also purchase a license or a covenant not to compete, or enter into a lease agreement, employment contract, management contract, or similar arrangement with the seller (or managers, directors, owners, or employees of the seller)? . . . . . ☐ Yes ☑ No

If "Yes," attach a statement that specifies **(a)** the type of agreement and **(b)** the maximum amount of consideration (not including interest) paid or to be paid under the agreement. See instructions.

Part III **Supplemental Statement**—Complete only if amending an original statement or previously filed supplemental statement because of an increase or decrease in consideration. See instructions.

7 Tax year and tax return form number with which the original Form 8594 and any supplemental statements were filed.

8 Assets	Allocation of sales price as previously reported	Increase or (decrease)	Redetermined allocation of sales price
Class I	$	$	$
Class II	$	$	$
Class III	$	$	$
Class IV	$	$	$
Class V	$	$	$
Class VI and VII	$	$	$
Total	$		$

9 Reason(s) for increase or decrease. Attach additional sheets if more space is needed.

Form **8883**
(December 2008)
Department of the Treasury
Internal Revenue Service

Asset Allocation Statement
Under Section 338

▶ Attach to your income tax return. ▶ See separate instructions.

OMB No. 1545-1806

Part I Filer's Identifying Information

1a Name as shown on return	1b Identifying number as shown on return
KapStone Container Corporation	58-1392513

1c Check applicable box (see instructions):	1d Was a valid and timely Form 8023 filed? ☑ Yes ☐ No
☐ Old target ☑ New target	If yes, enter the date filed ▶ 7/27/2016

Part II Other Party's Identifying Information

2a Name of other party to the transaction	2b Other party's identifying number
KapStone Paper and Packaging Corporation	20-2699372

Address (number, street, and room or suite no.)

1101 Skokie Blvd., Suite 300

City or town, state, and ZIP code

Northbrook, IL 60062

Part III Target Corporation's Identifying Information

3a Name and address of target corporation	3b Employer identification number
Central Florida Box Corporation 2950 Lake Emma Road Lake Mary, FL 32746	59-1887833
	3c State or country of incorporation FL

Part IV General Information

4a Acquisition date	4b What percentage of target corporation stock was purchased:
7/1/2016	(i) During the 12-month acquisition period? 100 %
	(ii) On the acquisition date? 100 %

5a Stock price	5b Acquisition costs/Selling costs	5c Target liabilities	5d AGUB/ADSP
$			

		Yes	No
6	Was the filer listed in Part I, above, a member of an affiliated group of corporations before the acquisition date?	✓	
7	Was the target corporation a member of an affiliated group before the acquisition date?		✓
8	Is the target corporation or any target affiliate:		
a	A controlled foreign corporation? If "No," check here if it was a CFC at any time during the preceding 5 years ▶ ☐		✓
b	A foreign corporation with income, gain, or loss effectively connected with the conduct of a trade or business within the United States (including U.S. real property interests)?		✓
c	A qualifying foreign target under Regulations section 1.338-2(e)(1)(iii)?		✓
d	A corporation electing under section 1504(d) or section 953(d)?		✓
e	A domestic international sales corporation (DISC)?		✓
f	A passive foreign investment company (PFIC)?		✓
g	If the answer to item 8f is "Yes," is the PFIC a pedigreed qualified electing fund?		

Part V Original Statement of Assets Transferred

9 Assets	Aggregate fair market value (actual amount for Class I)	Allocation of AGUB or ADSP
Class I	$	[redacted]
Class II	$	
Class III	$	
Class IV	$	
Class V	$	
Class VI and VII	$	
Total	$	

Part VI Supplemental Statement of Assets Transferred—Complete if amending an original statement or previously filed supplemental statement because of an increase or decrease in AGUB or ADSP.

10 Enter the tax year and tax return form number with which the original Form 8023 or Form 8883 and any supplemental statements were filed.

11 Assets	Allocation of sales price as previously reported	Increase or (decrease)	Redetermined allocation of AGUB or ADSP
Class I	$	$	$
Class II	$	$	$
Class III	$	$	$
Class IV	$	$	$
Class V	$	$	$
Class VI and VII	$	$	$
Total	$	[redacted]	$

12 Reason(s) for increase or decrease. Attach additional sheets if more space is needed.

Form **8594**
(Rev. December 2012)
Department of the Treasury
Internal Revenue Service

Asset Acquisition Statement Under Section 1060

► Attach to your income tax return.
► Information about Form 8594 and its separate instructions is at *www.irs.gov/form8594.*

OMB No. 1545-1021
Attachment Sequence No. **169**

Name as shown on return	Identifying number as shown on return
KAPSTONE KRAFT PAPER CORPORATION	20-5229654

Check the box that identifies you:
[X] Purchaser [ ] Seller

Part I General Information

1 Name of other party to the transaction	Other party's identifying number
VP HOLDCO, INC.	74-1869710

Address (number, street, and room or suite no.)

3555 TIMMONS LANE, SUITE 1400

City or town, state, and ZIP code

HOUSTON TX 77027

2 Date of sale	3 Total sales price (consideration)
6/1/2015	[redacted]

Part II Original Statement of Assets Transferred

4 Assets	Aggregate fair market value (actual amount for Class I)	Allocation of sales price
Class I	$	$
Class II	$	$
Class III	$	$
Class IV	$	$
Class V	$	$
Class VI and VII	$	$
Total	$ 0	$ 0

5 Did the purchaser and seller provide for an allocation of the sales price in the sales contract or in another written document signed by both parties? [ ] Yes [ ] No

If "Yes," are the aggregate fair market values (FMV) listed for each of asset Classes I, II, III, IV, V, VI, and VII the amounts agreed upon in your sales contract or in a separate written document? [ ] Yes [ ] No

6 In the purchase of the group of assets (or stock), did the purchaser also purchase a license or a covenant not to compete, or enter into a lease agreement, employment contract, management contract, or similar arrangement with the seller (or managers, directors, owners, or employees of the seller)? [ ] Yes [ ] No

If "Yes," attach a statement that specifies **(a)** the type of agreement and **(b)** the maximum amount of consideration (not including interest) paid or to be paid under the agreement. See instructions.

For Paperwork Reduction Act Notice, see separate instructions. Form **8594** (Rev. 12-2012)
HTA

Part III **Supplemental Statement** — Complete only if amending an original statement or previously filed supplemental statement because of an increase or decrease in consideration. See instructions.

7 Tax year and tax return form number with which the original Form 8594 and any supplemental statements were filed.

2015 FORM 1120

8 Assets	Allocation of sales price as previously reported	Increase or (decrease)	Redetermined allocation of sales price
Class I	$		
Class II	$		
Class III	$		
Class IV	$		
Class V	$		
Class VI and VII	$		
Total	$		

9 Reason(s) for increase or decrease. Attach additional sheets if more space is needed.

Final purchase price adjustment [redacted] escrow refund to buyer in October 2016. Final sales price is [redacted]

Kapstone Paper & Packaging Corporation **EIN: 20-2699372**
Form 851 Affiliations Schedule **Tax Year Ending 12/31/2016**

Taxpayer Name: Central Florida Box Corporation
Taxpayer Address: 2950 Lake Emma Road; Lake Mary, FL 32746
EIN: 59-1887833

Kapstone Container Corporation (KCC) acquired Central Florida Box Corporation (CFB) on July 1, 2016. CFB is a corporation in Kapstone's consolidated 2016 tax return until it was legally converted to a Delaware LLC on July 19, 2016. As of July 20, 2016, CFB is a division of KCC. All of CFB's income and losses from July 1, 2016 through December 31, 2016 are included in KCC's proforma return as it was administratively burdensome to prepare separate company financial statements for the 20 days CFB was a corporation.

Election Out of Special Depreciation Allowance of Code Section **168** (k)

Name KapStone Container Corporation

Address 1101 Skokie BLVD SUITE #300, NORTHBROOK, IL 60062

TIN/EIN 58-1392513

Attachment to Form 1120, Tax Year Ending 2016

Pursuant to Code Section 168 (k) (2) (D) (iii), the taxpayer, KapStone Container Corporation, hereby elects out of the special depreciation allowance of Code Section 168 (k) for all property placed in service by the taxpayer during the taxable year which would otherwise qualify for the special depreciation allowance under Code Section 168 (k) and which is in the class(es) indicated (with an "x") below:

(x) Property in the 3-year MACRS class.
(x) Property in the 5-year MACRS class.
(x) Property in the 7-year MACRS class.
( ) Property in the 10-year MACRS class.
(x) Property in the 15-year MACRS class.
( ) Property in the 20-year MACRS class.
( ) Computer software (as defined in Code Section 167 (f) (1) (B)) for which a deduction is allowable under Code Section 167 (a).
( ) Water utility property.
( ) Qualified leasehold improvement property.

0W80EP 1.000

Section 1.263(a)-1(f) de minimis safe harbor election statement

Taxpayer Name: Kapstone Paper & Packaging Corporation ("Taxpayer")
Taxpayer Address: 1101 Skokie Blvd Suite #300 Northbrook, IL 60062
EIN: 20-2699372

The above-referenced Taxpayer, the parent of a consolidated group, is making the de minimis safe harbor election under Section 1.263(a)-1(f) on behalf of itself and the following members of the consolidated group for the tax year ending December 31, 2016.

Name of Applicant	EIN	Business Activity Code
Kapstone Kraft Paper Corporation	20-5229654	322100
Kapstone Container Corporation	58-1392513	322100
Longview Fibre Paper & Packaging, Inc.	20-3674771	322100
Kapstone Paper & Packaging Corporation	20-2699372	322100
Victory Packaging L.P.	26-0055284	424100
Kapstone Receivables, LLC	30-0838683	523900

STATEMENT PURSUANT TO SECTION 332 BY KAPSTONE PAPER & PACKAGING COPRORATION (EIN: 20-2699372), A CORPORATION RECEIVING A LIQUIDATING DISTRIBUTION

(1) CENTRAL FLORIDA BOX COPROPRATION (EIN: 59-1887833);

(2) 07/19/2016

(3) The fair market value and basis of assets of liquidating corporation that was transferred to any recipient corporation:

FMV: [redacted]

Basis

(4) The date and control number of any private letter ruling(s) issued by the Internal Revenue Service in connection with the liquidation:

No private letter rulings were issued with respect to this liquidation.

(5) The plan of complete liquidation was adopted on 7/18/2016; and

(6) The liquidation was completed on 07/19/2016

STATEMENT PURSUANT TO §1.368-3(a) BY KAPSTONE PAPER & PACKAGING COPRORATION (EIN: 20-2699372), A CORPORATION PARTY TO AN F REORGANIZATION

(1) The names and employer identification numbers (if any) of all such parties:

Central Florida Box Corporation
2950 Lake Emma Road
Lake Mary, FL 32746
EIN: 59-1887833

(2) The date of the reorganization:

07/19/2016

(3) The value and basis of the assets, stock or securities of the target corporation transferred in the transaction, determined immediately before the transfer and aggregated as follows:

FMV: [redacted]

Basis [redacted]

(4) The date and control number of any private letter ruling(s) issued by the Internal Revenue Service in connection with this reorganization.

No private letter rulings were issued with respect to this reorganization.

Form **1122**
(Rev. December 2003)
Department of the Treasury
Internal Revenue Service

Authorization and Consent of Subsidiary Corporation To Be Included in a Consolidated Income Tax Return

▶ Attach to the consolidated income tax return.

For the calendar year 20 , or other tax year beginning **July 1** , 20 **16** and ending **July 19** , 20 **16**

Name	Employer identification number
Central Florida Box Corporation	**59 : 1887833**

Number, street, and room or suite no.
1101 Skokie Blvd, Suite 300

City or town, state, and ZIP code
Northbrook, IL 60062

Name of parent corporation	Employer identification number
KapStone Paper and Packaging Corporation (consolidated parent filer)	**20 : 2699372**

The subsidiary corporation named above authorizes its parent corporation to include it in a consolidated return for the tax year indicated and for each subsequent year the group must file a consolidated return under the applicable regulations. If the parent corporation does not file a consolidated return on behalf of the subsidiary, the subsidiary authorizes the Commissioner of the Internal Revenue Service or an IRS official to do so.

The subsidiary consents to be bound by the provisions of the consolidated return regulations.

Sign Here

Under penalties of perjury, I declare that the subsidiary named above has authorized me to sign this form on its behalf, that I have examined this form and the information contained herein, and to the best of my knowledge and belief, it is true, correct, and complete.

▶ _____ _____ ▶ **V.P., Treasurer & CFO**
Signature of subsidiary officer — Date — Title

Instructions for the subsidiary corporation. Complete and submit an original, signed Form 1122 to the common parent corporation of the consolidated group for the first tax year the subsidiary consents to be included in the group's consolidated income tax return.

Instructions for the parent corporation filing the consolidated return. The common parent corporation of a consolidated group must attach a separate Form 1122 to the group's consolidated income tax return for each subsidiary corporation for the first tax year each subsidiary consents to be included in the consolidated return. Attach to the consolidated return either the signed Form 1122 or an unsigned version containing the same information stated on the signed form. If the parent corporation submits an unsigned Form 1122, it must retain the original, signed form in its records.

Form **1122**
(Rev. December 2003)
Department of the Treasury
Internal Revenue Service

Authorization and Consent of Subsidiary Corporation To Be Included in a Consolidated Income Tax Return

▶ Attach to the consolidated income tax return.

For the calendar year 20 , or other tax year beginning **October 1** , 20 **16** and ending **December 31** , 20 **16**

Name	Employer identification number
KapStone Receivables LLC	**30 : 0838683**

Number, street, and room or suite no.
1101 Skokie Blvd, Suite 300

City or town, state, and ZIP code
Northbrook, IL 60062

Name of parent corporation	Employer identification number
KapStone Paper and Packaging Corporation (consolidated parent filer)	**20 : 2699372**

The subsidiary corporation named above authorizes its parent corporation to include it in a consolidated return for the tax year indicated and for each subsequent year the group must file a consolidated return under the applicable regulations. If the parent corporation does not file a consolidated return on behalf of the subsidiary, the subsidiary authorizes the Commissioner of the Internal Revenue Service or an IRS official to do so.

The subsidiary consents to be bound by the provisions of the consolidated return regulations.

Sign Here

Under penalties of perjury, I declare that the subsidiary named above has authorized me to sign this form on its behalf, that I have examined this form and the information contained herein, and to the best of my knowledge and belief, it is true, correct, and complete.

▶ _____ | _____ ▶ **Treasurer**
Signature of subsidiary officer | Date | Title

Instructions for the subsidiary corporation. Complete and submit an original, signed Form 1122 to the common parent corporation of the consolidated group for the first tax year the subsidiary consents to be included in the group's consolidated income tax return.

Instructions for the parent corporation filing the consolidated return. The common parent corporation of a consolidated group must attach a separate Form 1122 to the group's consolidated income tax return for each subsidiary corporation for the first tax year each subsidiary consents to be included in the consolidated return. Attach to the consolidated return either the signed Form 1122 or an unsigned version containing the same information stated on the signed form. If the parent corporation submits an unsigned Form 1122, it must retain the original, signed form in its records.

KAPSTONE PAPER AND PACKAGING CORPORATION
CREDIT POLICY

1.0 PURPOSE

The purpose of this Policy is to define the requirements for managing credit limits and payment terms for customers of KapStone Paper and Packaging Corporation ("KapStone").

This Policy also provides guidelines for accommodating sales to customers who do not qualify for open credit.

2.0 SCOPE

This Policy applies to all product sales and affects any employee or agent of KapStone who is responsible for the sale, contract approval, order acceptance, scheduling and shipment of product.

3.0 CREDIT POLICY

Credit will be extended to customers who demonstrate the financial ability to pay and a history of timely payments.

Credit limits will be established based on estimated sales and negotiated payment terms together with the customer's ability to pay and history of payments. Credit limits will be periodically renewed or reevaluated to adjust for changing financial and business conditions.

4.0 RESPONSIBILITY

The Credit Manager is responsible for managing the credit limit review and approval process, prudently balancing sales initiatives with financial exposure.

Sales is responsible for managing payment terms consistent with credit risk and for verifying approved credit availability in advance of order acceptance.

5.0 GUIDELINES

A. Credit Limits

The Credit Manager determines the credit limit and routes for approval per the attached Credit Authorization form. The Credit Department operational procedures will be documented in a separate manual.

Situations may occur where a customer's credit limit is inadequate due to seasonal sales or supply chain constraints. A temporary tolerance will be allowed, subject to the risk assessment by the Credit Manager.

Permanent overrides to the recommended credit limit may be jointly approved by the designated individuals from Sales and Finance, as defined on the Credit Authorization form.

B. Alternatives to Open Credit

For customers who do not qualify for open or unsecured credit, the Credit Manager has discretion to require the use of any one or combination of the following to mitigate KapStone's risk:

1.) Standby or Documentary Letter of Credit
2.) Bank or other financial guarantee
3.) Corporate or parent guarantee
4.) Personal guarantee of owner or principal
5.) Security agreement
6.) Consignment agreement
7.) Alternative payment structures, like cash in advance or cash on deposit

C. Credit Holds and Releases

The Credit Manager may place an order or account on credit hold due to any one or more of the following reasons:

1.) Credit limit is or will be exceeded.
2.) Payments are overdue or inconsistent.
3.) Customer faces financial hardship or operational setback.
4.) Business relationship with the customer is terminated.

Sales orders or shipments under a credit hold status may be released only with the approval of the Credit Manager.

The Credit Manager will work with Customer Service and/or Sales to effectively resolve credit, payment or other issues which caused the credit hold.

CREDIT AUTHORIZATION

New Accounts

Credit Limit	Authorized Individual
$500k	Credit Manager
$1M	Assistant Treasurer
$5M	Treasurer
$10M	CFO
Unlimited	CEO/COO

Existing Accounts

Annual reviews will be performed and credit limits confirmed by Credit.

Accounts with significant changes in financial condition will be reviewed per the authorization above.

Temporary Tolerance

Up to a 20% temporary tolerance can be allowed for seasonal sales or supply chain constraints by Credit.

Permanent Override

Limit Increase	Required Individuals
$5M in total limit	VP of Sales and Treasurer
$10M in total limit	President and CFO

KAPSTONE PAPER AND PACKAGING CORPORATION
COLLECTION POLICY

1.0 PURPOSE

The purpose of this Policy is to define the requirements for managing collections and determining uncollectible accounts of KapStone Paper and Packaging Corporation ("KapStone").

This Policy also provides guidelines for write-offs and bad debt reserves.

2.0 SCOPE

This Policy applies to all product sales and affects any employee or agent of KapStone who is responsible for the sale, contract approval, order acceptance, scheduling and shipment of product.

3.0 COLLECTION POLICY

The level and age of accounts receivable will be minimized to achieve the lowest possible days sales outstanding and bad debt.

Efforts will be focused on promoting maximum internal control over receivable transactions and ensuring the integrity of the financial data.

4.0 RESPONSIBILITY

The Accounts Receivable Manager is responsible for managing the collection process, prudently balancing customer relations and financial risk.

5.0 GUIDELINES

The following addresses situations in which the cash receipt does not completely relieve the accounts receivable balance:

A. Unearned cash discounts

Excessive cash discounts under $100 for trade customers will be written-off at month end. Accounts Receivable reviews for repetitive situations and contacts the customers as appropriate. If the customers do not respond, Accounts Receivable contacts the respective Sales Manager for assistance and/or direction.

For excessive cash discounts over $100, Accounts Receivable contacts customers to collect the balance and to request that the appropriate discount be taken on future invoices. Again, if the customers do not respond, Accounts Receivable contacts the respective Sales Manager for assistance and/or direction. Accounts Receivable will write-off these balances at month end only with written authorization from Sales.

For discounts taken beyond the grace period, Accounts Receivable seeks reimbursement from the customer. Exceptions to this guideline are:

1. the customer never received the invoice
2. Sales approved special payment terms
3. the product shipped by rail or sea

B. Customer claims

Customer claims under $100 for trade customers will be written-off at month end.

For customer claims over $100, Accounts Receivable contacts the customer to determine the type of claim and then forwards the information to the respective Sales Manager. If the claim is approved, an internal credit will be issued. If the claim is denied, Accounts Receivable pursues collection.

C. Past Dues

Accounts Receivable monitors past due customers and notifies Credit of potential uncollectible accounts. Credit, after consulting with the respective Sales Manager, puts these customers on hold until payment has been received or a mutually agreeable payment plan has been enforced, after which credit may be extended again based on the facts and circumstances at the time.

When an account has been deemed uncollectible, a bad debt reserve is recommended by Accounts Receivable and approved by the respective Mill, the Treasurer and the Corporate Controller.

Policy #30300

TITLE:	Standard Costs
EFFECTIVE:	05/25/2004
SUPERSEDES:	10/01/1979
ISSUED BY:	Accounting Policies & Controls (901) 419-4129

OBJECTIVE:

To establish a Company policy for standard costs. Standard costs and budgets serve as management tools in following areas:

- Control and measurement of costs and productivity performance at all levels;
- Indication of customer and product profitability;
- Basis for making product placement decisions;
- Short and long-range strategic planning and forecasting; and
- Development potential savings on proposed capital projects and indication the achievement of savings.

SCOPE:

U. S. Pulp and Paper Mills.

POLICY:

Standards will be developed to serve as guidelines for the preparation of flexible budgets. The standards should represent an attainable high-performance standard.

The development and maintenance of standard cost accounting procedures is the responsibility of Corporate Financial Systems.

Any request to deviate from this policy must be submitted, in writing, to the Director - Corporate Accounting.

RESPONSIBILITY:

CONTROLLER OF EACH MILL, PLANT, AND DIVISION
Adhere to this policy.

CHANGES FROM PRECEDING VERSION OF THIS POLICY:

- Reviewed and reissued with no significant changes

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Contact Webmaster

Policy #30510

TITLE:	Capitalization of Interest Cost
EFFECTIVE:	06/01/2012
SUPERSEDES:	06/04/2004
ISSUED BY:	Accounting Policies & Controls

OBJECTIVE:

To establish a Company policy for capitalizing interest costs incurred in connection with the construction or development of fixed assets.

SCOPE:

All units of the Company.

POLICY:

Interest will be capitalized during the period of time ("capitalization period It) that a qualifying asset is being constructed or developed for its intended use and will be added to the cost of the asset. This will apply to capital projects that meet anyone of the following criteria:

1. The primary assets being constructed have a useful life of 40 years or more; or
2. The estimated construction or development period exceeds two years; or
3. The estimated construction or development period exceeds 1 year and the budgeted cost exceeds $2 million.

If the above criteria are not met, then interest should be expensed as incurred. If the above criteria are not met at the inception of the project, but are later met due to scope changes, cost or *time* overruns, etc., contact Corporate Accounting.

The capitalized interest is allocated on a pro-rata basis to each asset guideline classification within the capital project. Capitalized interest will be depreciated over the useful life of the related asset guideline classification using the same method as is used for depreciating other assets at the location.

PROCEDURE:

I. GENERAL

A. Capitalized interest will be calculated and recorded on KKP ledger by Corporate Accounting. The Controller of each applicable location must notify Corporate Accounting within 30 days of any of the following events:

1. The start of spending on a qualified project (as defined in the Policy section above).
2. A decision to suspend activities related to the acquisition or construction of the related asset (not including externally imposed interruptions or delays inherent *in* the asset acquisition or construction process).
3. The placed-in-service date of the related asset.

II. COMPUTATION

A. Computation Method – Overall Approach (ASC 360)

1. The amount of interest cost to be capitalized for each qualifying capital project will be calculated quarterly by multiplying the average amount of expenditures for the current quarter by the quarterly capitalization rate.
2. The average amount of expenditures for a qualifying capital project will be determined by taking the sum of:
   i. One-half of the current quarter's expenditures
   ii. Total expenditures as of the beginning of the quarter

The current rate to be used to determine actual capitalized interest for each quarter is based on dividing the total interest costs during the quarter by the average total debt during the quarter.

III. RECORDING CAPITALIZED INTEREST

Capitalized interest and the related reduction in interest expense and interest income will be recorded at Corporate on the KKP ledger.

During the construction phase, Corporate Accounting will maintain supporting calculations for capitalized interest by capital project. When a project is placed in service, the Corporate Accounting will allocate the total amount of capitalized interest on a pro-rata basis to each project/asset. Capitalized interest will then be depreciated by Corporate Accounting using the same method as is used for the other assets within the project.

IV. DISPOSAL OR RETIREMENT OF FIXED ASSETS FOR WHICH CAPITALIZED INTEREST HAS BEEN RECORDED

When a fixed asset is disposed of or retired a gain or loss equal to the difference between the net book value of the asset (excluding any capitalized interest) and the proceeds is recorded. Any un-depreciated capitalized interest will be recorded as a loss. The write-off of the capitalized interest is the responsibility of Corporate Accounting.

V. CAPITALIZED INTEREST LIMITATION

If at the end of any quarter, there is a credit balance in the Corporate interest expense account (as a result of capitalized interest exceeding interest expense) then Corporate Accounting will adjust capitalized interest to not exceed interest expense.

VI. TERMINATION OF CAPITALIZATION PERIOD

The termination of the capitalization period will be the date the related asset is placed in service.

The capitalized interest for each asset placed in service must be entered in AX fixed asset system as an individual asset on the KKP ledger. Although, in theory, capitalized interest is part of the historical cost of acquiring an asset it should not be added to the basis. It must be separately identifiable for financial reporting and tax purposes.

If the Company intentionally suspends activities related to the acquisition or construction of an asset, interest capitalization would cease until the activities are resumed. This will not apply to externally imposed interruptions or to delays inherent in the asset acquisition or construction process.

VII. EXAMPLES OF QUAUFYING ASSETS

Interest is capitalized for assets that are constructed or otherwise produced for an entity's own use (including assets constructed or produced for the entity by others for which deposits or progress payments have been made) and assets intended for sale or lease that are constructed or otherwise produced as discrete projects (for example, ships or real estate developments). Interest shall not be capitalized for assets that are in use or ready for their intended use in the entity's earning activities, and assets that are not being used in the entity's earning activities and that are not undergoing the activities necessary to get them ready for use.

Policy #30530
TITLE: Computer Software

EFFECTIVE: 09/02/2010
SUPERSEDES: 05/25/2004

ISSUED **BY:** Corporate Accounting

OBJECTIVE: To establish a Company policy to account for the costs of internal-use computer software.

SCOPE: All units of the Company.

POLICY:

Operating systems software purchases of capital size are to be capitalized. The cost of purchased application software associated with a major systems project is to be deferred. All other software costs are to be expensed as incurred.

PROCEDURE:

These procedures only apply to internal-use software, defined as:

1. Software that is acquired, internally developed, or modified solely to meet the Company's internal needs, and

2. During the software's development or modification, no substantive plan exists or is being developed to market the software externally.

I. OPERATING SYSTEMS SOFTWARE

Operating systems software purchased as part of an approved package of capital size (comprised of equipment, hardware and related operating systems software) or purchased as a separate item of capital size is to be **capitalized** and **depreciated** over a period of up to five years. However, any depreciation period in excess of three years requires the approval of Corporate Accounting.

II. APPLICATION SOFTWARE

Application software purchased as part of a major systems project that exceeds **$50,000** is to be **deferred** and **amortized** over a period of up to five years, beginning at the end of the installation period. However, any amortization period in excess of three years requires the approval of Corporate Accounting.

III. TYPES OF COSTS TO BE CAPITAUZED/DEFERRED VS. EXPENSED

A. Research and Development

The following costs of internal-use software should be expensed as research and development:

1. Purchased or leased software used in research and development activities where the software does not have alternative future uses.

2. All internally developed internal-use software (including software developed by third parties, e.g., programmer consultants) if (a) the software is a pilot project, or (b) the software is used in a particular research and development project, regardless of whether the software has alternative future uses. See also FPM Number 30540, "Research and Development Cost".

B. Preliminary Project Stage

Internal and external costs incurred during the preliminary project stage should be expensed as incurred. These types of costs include those for:

1. Determination of performance requirements.
2. Conceptual formulation of alternatives.
3. Evaluation of alternatives.
4. Determination of existence of needed technology.
5. Final selection of alternatives, including selection of vendor and/or consultant.

C. Application Development Stage

Internal and external costs incurred to develop software during the application development stage should be capitalized/deferred, including costs for:

1. Design of chosen path, including software configuration and software interfaces.
2. Coding.
3. Installation to hardware.
4. Testing, including parallel processing phase.
5. Costs to develop or obtain software that allows for access or conversion of old data by new systems. All other data conversion costs (e.g., purging or cleansing of existing data, reconciliation or balancing of the old data and the data in the new system, creation of new/additional data, and conversion of old data to the new system) should be expensed as incurred.

If conducted at this time, training costs should be expensed as incurred.

Capitalizable costs include:

1. External direct costs of materials and services consumed in developing or obtaining software (e.g., costs for software, consultants, travel incurred by employees directly assigned to the project).
2. Payroll and related costs (e.g., employee benefits) of employees assigned directly to the project.
3. Interest costs, if the requirements of FPM Number 30510, "Capitalization of Interest Cost", are met.

General and administrative costs, allocated overhead and other indirect expenses (e.g., rent and depreciation) cannot be deferred.

D. Post-Implementation/Operation Stage

Internal and external costs for training and maintenance should be expensed as incurred. Internal and external costs for upgrades and enhancements that enable the software to perform tasks that it was previously incapable of performing should be expensed or capitalized/deferred as required by sections A., B. and C. above. All internal and external costs for upgrades and enhancements that do not add to the functionality of the software must be expensed as incurred.

IV. DOCUMENTATION

All deferred application development costs (see section III. C. above) and the assigned depreciation or amortization period (if in excess of three years) for operating systems software, application software and application development costs must be documented in a manner which will enable independent verification by internal auditors.

DEFINITIONS:

APPLICATION SOFTWARE
Software that is not necessary for the operation of the system (e.g., Excel, WordPro, any analysis or database software).

INTERNAL-USE SOFTWARE
Software that is acquired, internally developed, or modified solely to meet the Company's internal needs. During the software's development or modification, no substantive plan exists or is being developed to market the software externally.

MAJOR SYSTEMS PROJECT
A project comprised of equipment, hardware and/or software which is estimated to exceed **$50,000**.

OPERATING SYSTEMS SOFTWARE
Software that is necessary to operate and run the hardware (e.g., Windows 98, Windows NT, OS/2). Every general-purpose computer must have to run other programs as it performs basic tasks.

RESPONSIBILITY:

The Controller of each mill, plant, region, business, or subsidiary is responsible for adherence to this policy and for the issuance of procedures to implement it for their respective operations.

REFERENCES:

FINANCIAL POLICY MANUAL	
Capitalization and Expensing of Expenditures for Fixed Assets	Number 30501
Determination of Placed In Service Dates of Fixed Assets	Number 30502
Depreciation Methods and Useful Lives of Depreciable Assets	Number 30503
Capitalization of Interest Cost	Number 30510
Purchase of Personal Computers	Number 30531
Research and Development Cost	Number 30540
Capitalization of Sales and Use Tax Associated with Fixed Asset Acquisitions	Number 30550
Leases - Long-Term	Number 30600
Project Managers' Costs	Number 30820
ACCOUNTING FOR THE COSTS OF COMPUTER SOFTWARE DEVELOPED OR OBTAINED FOR INTERNAL USE	AICPA Statement of Position 98-1

POLICY QUESTIONS OR INTERPRETATIONS

Any questions or interpretations regarding this policy should be directed to Corporate Accounting.

CHANGES FROM PRECEDING VERSION OF THIS POLICY

Reviewed and reissued with change to capitalization threshold for computer software projects. The threshold has been decreased from $1 million to $50,000.

Policy #30600

TITLE:	Leases - Long-term
EFFECTIVE:	03/29/2005
SUPERSEDES:	05/21/2004
ISSUED BY:	Accounting Policies & Controls (901) 419-4129

OBJECTIVE:

To establish a Company policy with respect to accounting for leases in which International Paper is the lessee.

SCOPE:

All units of the Company.

POLICY:

All leases to which the Company is a party shall be accounted for in accordance with the provisions of Statement of Financial Accounting Standards No. 13, "Accounting for Leases," (SFAS No. 13) and the amendments and interpretations thereof.

The information presented below is intended to be a general summary of the Financial Accounting Standards Board pronouncements related to accounting for leases. The pronouncements listed in the "References" section of this document should be reviewed for more detailed information regarding this subject.

PROCEDURE:

I. DETERMINING WHETHER AN AGREEMENT IS A LEASE

Under SFAS No. 13, a lease is defined as an agreement conveying the right to use property, plant or equipment (land and/or depreciable assets) ("PPE") for a stated period of time. Any agreement under which the Company is paying for the use of a third party's PPE is a lease, regardless of the terminology in the contract (e.g., service agreement, take-or-pay contract, statement of work), and must be accounted for as such. Any agreement under which the Company is paying for the output of a third party's PPE should be reviewed to determine whether the arrangement contains a lease (see Procedure Section II. below).

II. DETERMINING WHETHER AN ARRANGEMENT CONTAINS A LEASE

Agreements under which the Company is purchasing the output of a third party's PPE may contain a lease, such as agreements that, although not nominally identified as leases, may meet the above definition of a lease, such as:

- Take-or-pay contracts
- Transportation or throughput agreements
- Service agreements
- Power purchase contracts

If an agreement contains any of the following characteristics, it should be carefully scrutinized to assess whether it contains a lease:

- Fulfillment of the arrangement is dependent on the seller's use of specific PPE that is explicitly identified in the arrangement.
- The buyer has the ability or right to operate the PPE or direct others to operate the PPE, control access to the PPE, or pays (directly or indirectly) for the operation and

maintenance of the PPE in a manner it determines while obtaining or controlling the output or other utility of the PPE.
- The buyer takes substantially all of the output or other utility expected to be produced or generated by the PPE for the term of the arrangement, unless the purchase price of the output is fixed or indexed to market prices and the arrangement requires the seller to pay substantive damages to the buyer if it fails to deliver the output.
- The seller constructs PPE on the buyer's facility to provide output for the buyer.

Accounting Policies and Controls should be contacted for assistance in determining whether an arrangement contains a lease prior to executing the arrangement to ensure the intended accounting result is achieved.

III. CLASSIFICATION OF LEASES

From the standpoint of the lessee, a lease is classified as either an operating or a capital lease.

A. Capital Lease

Under a capital lease, the majority of the economic benefit from the use of the PPE is transferred to the lessee. If a lease meets ANY of the following criteria at the inception of the lease, it must be classified as a capital lease:

1. The lease transfers ownership of the property to the lessee by the end of the lease term (see Definitions).
2. The lease contains a bargain purchase option (see Definitions).
3. The lease term (see Definitions) is equal to at least 75 percent of the estimated economic life of the lease property. (see Note below)
4. The present value of the minimum lease payments (excluding executory costs and profit thereon) (see Definitions) over the lease term (see Definitions) is at least 90 percent of the excess of the fair value of the leased asset minus any related investment tax credit retained by the lessor. When computing the present value, use the Company's current incremental borrowing rate provided by Corporate Treasury for a similar period as the lease term, unless it is practicable to learn the lessor's implicit interest rate, and the implicit rate is less than the incremental rate. (see Note below)

Note: Criteria (3) and (4) should not be used when the lease commences within the last 25 percent of the asset's economic life.

B. Operating Lease

If a lease does not meet any of the above criteria in Procedure Section III. A. , it must be classified as an operating lease.

IV. ACCOUNTING FOR LEASES

A. Capital Lease

1. Record an asset and a liability equal to the present value, at the beginning of the lease term (see Definitions), of the minimum lease payments excluding executory costs and profits thereon (see Definitions) using the Company's current incremental borrowing rate for a similar period as the lease term (obtain rate from Corporate Treasury). However, if the lessor's implicit interest rate is both determinable and is lower than the Company's incremental borrowing rate, then the lessor's rate must be used.

Note: If evidence indicates that the fair market value of the leased property is less

than the present value of the minimum lease payments, then the capital lease asset and obligation must be reported at the fair market value. If there is a significant difference between the two amounts, Accounting Policies and Controls should be consulted for the proper accounting treatment.

2. The depreciable life of the leased asset must conform with FPM No. 30503, "Depreciation Methods and Useful Lives of Depreciable Assets." With the exception of leased land, the amortization period should be determined in the following manner:

a. When the lease meets criterion III. A. 1. or III. A. 2., amortize the leased asset using the Company's normal depreciation policy and life for a similar owned asset.
b. When the lease meets criterion III. A. 3. or III. A. 4., amortize the leased asset over the shorter of its estimated useful life or the lease term to the expected value of the asset at the end of the lease term using the Company's normal depreciation policy (i.e., straight-line or units-of-production).

3. Lease payments must be allocated between the principal amount of the lease obligation and interest thereon. This allocation process must produce a constant periodic interest rate on the remaining balance of the obligation.

4. Contingent rentals shall be included in the determination of income as accruable.

5. Disposition of the asset at the end of the lease term requires relieving the accounts of any remaining balances and recording any cash received or paid as well as any resulting gain or loss.

B. Operating Lease

Rental expense for an operating lease should be recognized on a straight-line basis over the lease term (even if rental payments are not made on a straight-line basis, as in the case of rent holidays (see Definitions) or scheduled rent increases) except in situations where another systematic basis is more representative of the time pattern in which a benefit is derived from the leased asset. If the rental rate increases over the term of the lease, the difference between the rental expense on a straight-line basis and the rent payment according to the lease is recorded as a deferred liability for the first half of the lease. The difference between the rent payments and rental expense the remaining half of the lease will reduce the deferred liability.

An operating lease agreement may contain an incentive to induce the lessee to sign the lease, such as:

- Up-front cash payment
- Payment of the lessee's costs, such as moving expenses
- Assumption of the lessee's pre-existing lease with a third party

Any payment made to or on behalf of the lessee represents an incentive that should be recorded as deferred rent and amortized (on a straight-line basis) as a reduction of rental expense by the lessee over the term of the lease.

Leasehold improvements made by a lessee that are funded by lessor incentives should be accounted for as two separate transactions. The incentive should be accounted for as described above, and the leasehold improvement should be recorded as an asset and amortized over the shorter of its economic useful life or the lease term (see Definitions).

C. Sale-Leaseback

Sale-leaseback transactions involve the sale of property by the owner and a lease of all or any part of the property back to the seller. The seller-lessee accounts for the lease as either a capital or operating lease, depending on whether it meets the capitalization criteria in III. A. above. The amount and recording of any gain or loss on the sale transaction depends on whether the subsequent leaseback is accounted for as a capital or operating lease, the extent of the seller-lessee's remaining use of the property sold, and the fair value of the property. Contact Accounting Policies and Controls for assistance regarding the profit or loss on the sale.

D. Sublease

1. Sublease where International Paper Is Not Relieved of the Primary Obligation

Under a sublease where the leased property is re-leased by the original lessee (International Paper) to a third party, and the lease agreement between the two original parties remains in effect, International Paper is not relieved of the primary obligation under the original lease. If the original lease was classified as a operating lease, International Paper (the lessee) shall account for both the original lease and the new lease as operating leases. If the original lease was classified as a capital lease, contact Accounting Policies and Controls to determine the proper classification of the new lease (sublease).

2. Sublease where International Paper Is Relieved of the Primary Obligation

Under the following types of transactions, the original lessee (International Paper) is relieved of the primary obligation under the original lease:

- A new lessee is substituted through a new agreement, with cancellation of the original lease agreement.
- A new lessee is substituted under the original lease agreement. The new lessee becomes the primary obliger under the agreement, and the original lessee may or may not be secondarily liable.

Under these conditions the original lease agreement shall be accounted for as follows:

a) If the original lease was a capital lease, the asset and obligation representing the original lease shall be removed from the accounts, and a gain or loss shall be recognized for the difference. If the original lessee remains secondarily liable, the loss contingency shall be treated as required by FPM No. 31250, "Accounting for Contingencies and Adjustments for Unusual Items of Income and Expense."

b) If the original lease was an operating lease and the original lessee is secondarily liable, the loss contingency shall be treated as required by FPM No. 31250, "Accounting for Contingencies and Adjustments for Unusual Items of Income and Expense."

E. Changes and Revisions to Lease Agreements

Changes in estimates (e.g., changes in estimates of economic life or residual value) or circumstances (other than a change in the terms of a lease) do not affect the current lease classification.

An existing lease is treated as a new agreement and should be classified using the revised terms and new assumptions as of the modification date under the following circumstances:

a) If the lease is extended or renewed beyond its original lease term (see Definitions). However, the exercise of a renewal option which was included as part of the original term is not a renewal or extension of a lease.

b) If the lease is revised in such a way that the lease would have been classified differently had the new terms been in effect at the original inception date.

When there is a new agreement, it must be classified in accordance with the criteria in Section III. A. If the original lease was capitalized, then the discount rate used to record the original lease obligation should also be utilized in computing the present value of the future minimum lease payments of the new agreement.

If the original lease and the new agreement are classified as capital leases, the current asset and obligation balances must be adjusted by the difference between the present balance of the obligation and the new present value of future minimum lease payments under the new agreement, with no gain or loss being recognized.

If the original lease was capitalized and the new agreement is an operating lease with no change in the lease term, the lease asset and the obligation must be written off. Any resulting gain should be deferred (contact Accounting Policies and Controls for assistance in determining the proper accounting) and any loss recognized immediately. The new lease agreement is accounted for as any other operating lease.

If the original lease was capitalized and the new agreement is an operating lease with a change in the lease term, the original lease should continue to be accounted for as a capital lease to the end of the original term, and the renewal term should be accounted for as an operating lease.

DEFINITIONS:

BARGAIN PURCHASE OPTION
A provision allowing the lessee, at his option, to purchase the leased property at a price substantially less than the expected fair value of the property at the date the option is exercisable, such that exercise of the option appears, at the inception of the lease, to be reasonably assured.

BARGAIN RENEWAL OPTION
A provision allowing the lessee, at his option, to renew the lease for a rental sufficiently lower than the expected fair rental of the property at the date the option is exercisable, such that exercise of the option appears, at the inception of the lease, to be reasonably assured.

CAPITAL LEASE
A lease that meets any one of the criteria in Section III. A. of this policy. In effect, the majority of the economic benefit derived from the use of the PPE is transferred to the lessee.

CONTINGENT RENTALS
The increases or decreases in lease payments that result from changes occurring subsequent to the inception of the lease in the factors (other than the passage of time) on which lease payments are based, except as provided in the following sentence. Any escalation of minimum lease payments relating to increases in construction or acquisition cost of the leased property or for increases in some measure of cost or value during the construction or pre-construction period, as discussed in SFAS No. 23, "Inception of the Lease," shall be excluded from contingent rentals. Lease payments that depend on a factor directly related to the future use of the leased property, such as machine hours of use or sales volume during the lease term, are contingent rentals and, accordingly, are excluded from minimum lease payments in their entirety. However, lease payments that depend on an existing index or rate, such as the consumer price index or the prime interest rate, shall be included in minimum lease payments based on the index or rate

existing at the inception of the lease; any increases or decreases in lease payments that result from subsequent changes in the index or rate are contingent rentals and thus affect the determination of income as accruable.

ESTIMATED ECONOMIC LIFE OF LEASED PROPERTY
The estimated remaining period during which the property is expected to be economically usable by one or more users, with normal repairs and maintenance, for the purpose for which it was intended at the inception of the lease, without limitation by the lease term. SFAS No. 13 does not require that the estimated economic life of a leased asset be the same as the book depreciable life for a similar owned asset. However, the SEC staff has taken note of situations in which the estimated economic life for SFAS No. 13 purposes substantially exceeds the book depreciable life, and lessors/lessees should be prepared to defend any material differences.

ESTIMATED RESIDUAL VALUE
The estimated fair value of the lease property at the end of the lease term.

EXECUTORY COSTS
Administrative costs relating to a lease agreement; usually paid by the lessor (e.g., maintenance, taxes and insurance).

FAIR VALUE OF THE LEASED PROPERTY
The price for which the property could be sold in an arm's length transaction between unrelated parties.

IMPLICIT INTEREST RATE
The discount rate that causes the aggregate present value of the minimum lease payments (excluding executory costs and profit thereon) and the unguaranteed residual value accruing to the lessor to equal the fair value of the leased asset minus any investment tax credit retained by the lessor.

INCREMENTAL BORROWING RATE
The rate the lessee would have incurred, at the inception of the lease, to borrow funds over a similar term to purchase the leased asset.

LEASE
An agreement in which the lessor conveys to the lessee the right to use property, plant or equipment usually for a stated time period.

LEASE TERM
The fixed noncancelable lease term plus all periods covered by:

1. Bargain renewal options (see Definition).
2. Significant penalties (see Definition) for failure to renew the lease, so that renewal appears, at the inception of the lease, to be reasonably assured.
3. Ordinary renewal options during which the lessee guarantees the lessor's debt directly or indirectly related to the leased property or a loan from the lessee to the lessor directly or indirectly related to the leased property is expected to be outstanding.
4. Ordinary renewal options preceding a bargain purchase option (see Definition) exercise date.
5. Renewal at the lessor's option; however, in no case shall the lease term extend beyond the date a bargain purchase option (see Definition) becomes exercisable.

MINIMUM LEASE PAYMENTS
Rental payments over the noncancelable lease term (excluding executory costs) plus any payments required under a bargain purchase option (see Definition), guarantee of residual value, or penalty (see Definition) for failure to renew the lease, excluding contingent rentals (see Definition) and unguaranteed residual values (see Definition).

Minimum lease payments should include all forms of consideration, including:

1. Lessee's payment of lessor's initial direct costs of originating the lease.
2. Equity instruments transferred to the lessor.
3. The fair value of options written by the lessee for the benefit of the lessor, or options held by the lessee and transferred to the lessor.
4. The lessor's right to use the lessee's property without payment of adequate consideration.
5. Lessee's payment of costs to dismantle, ship, store, or sell the leased asset at the end of the lease term.

NONCANCELABLE
A lease is considered noncancelable if it is cancelable only:

1. Upon the occurrence of some remote contingency; or
2. With the permission of the lessor; or
3. If the lessee enters into a new lease with the same lessor; or
4. Upon payment by the lessee of a penalty in an amount such that continuation of the lease appears, at inception, reasonably assured.

OPERATING LEASE
A lease that does not meet any of the criteria of a capital lease (see Section III. A.).

PENALTY
Any requirement that is imposed or can be imposed on the lessee by the lease agreement or by factors outside the lease agreement to disburse cash, incur or assume a liability, perform services, surrender or transfer an asset or rights to an asset or otherwise forego an economic benefit, or suffer an economic detriment. Conditions that could constitute an economic penalty include when a lessee is likely to be unwilling to (1) abandon leasehold improvements (or other assets) that are expected to have significant fair value to the lessee at the end of the fixed, noncancelable term of the lease, or (2) incur significant costs, directly or indirectly, to relocate assets or leasehold improvements. Other factors to consider when determining if an economic detriment may be incurred include the uniqueness of purpose or location of the leased property to the lessee's line of business or service to its customers, the availability of comparable alternative property, and adverse tax consequences.

RENT HOLIDAY
A period of time during which the lessee has the right to occupy/use the leased property but pays no rent or a reduced rate of rent. For example, a rent holiday may be offered to provide the lessee time to build-out leased office space or start-up leased equipment until it reaches full production capacity.

SALE-LEASEBACK TRANSACTION
A sale of property, to an outside party, that is then leased back by the Company.

SUBLEASE
A lease agreement in which the leased property is re-leased by the original lessee to a third party.

TAKE-OR-PAY CONTACT
An agreement between a purchaser and a seller that provides for the purchaser to pay specified amounts periodically in return for products or services. The purchaser must make specified minimum payments even if it does not take delivery of the contracted products or services.

UNGUARANTEED RESIDUAL VALUE
The estimated residual value of the leased property exclusive of any portion guaranteed

by the lessee or by a third party unrelated to the lessor.

RESPONSIBILITY:

MILL/PLANT/SUBSIDIARY CONTROLLERS:
Before consummating a lease agreement, ensure compliance with the Company's Capital Budgeting requirements, which are set forth in the Capital Investment Manual. In addition, ensure that the lease agreement's legal, tax and accounting considerations have been thoroughly reviewed and approved.

Record the lease in the Mill/Plant/Subsidiary Ledger based on the accounting treatment set forth in this policy.

Comply with the Company's requirements for year-end reporting of lease commitments as stated in FPM No. 32000.

CORPORATE ACCOUNTING
1. For Corporate Office Leases:

a. Before consummating a lease, ensure compliance with the Company's Capital Budgeting requirements, which are set forth in the Capital Investment Manual. Also, ensure that the legal, tax and accounting considerations have been thoroughly reviewed and approved.

b. Record the lease in the Corporate General Ledger based on the accounting treatment set forth in this policy.

2. Upon request, assist all locations in the implementation of this policy.

3. For financial statement disclosure purposes, ensure that Company leases are disclosed in compliance with SFAS No. 13 (and the amendments and interpretations thereof).

REFERENCES:

FINANCIAL POLICY MANUAL:	
Capitalization and Expensing of Expenditures for Fixed Assets	Number 30501
Determination of Placed In Service Dates of Fixed Assets	Number 30502
Depreciation Methods and Useful Lives of Depreciable Assets	Number 30503
Unit of Production Depreciation	Number 30504
Capitalization of Interest Cost	Number 30510
Authorization of Lease Commitments	Number 30610
Contingencies and Adjustments for Unusual Items of Income and Expense	Number 31250
Industrial Revenue Bonds Issued for a Capitalized or Operating Lease Obligation	Number 31300
Year End Reporting	Number 32000
EMERGING ISSUES TASK FORCE:	
Determining Whether an Arrangement Contains a Lease	Issue No. 01-08

FINANCIAL ACCOUNTING STANDARDS BOARD STATEMENTS:	
Accounting for Leases	No. 13
Accounting for Leases - Initial Indirect Costs	No. 17
Changes in the Provisions of Lease Agreements Resulting from Refundings of Tax-Exempt Debt	No. 22
Inception of the Lease	No. 23
Profit Recognition on Sales-Type Leases of Real Estate	No. 26
Classification of Renewals or Extensions of Existing Sales-Type or Direct Financing Leases	No. 27
Accounting for Sales with Leasebacks	No. 28
Determining Contingent Rentals	No. 29
Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed	No. 86
Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases	No. 91
Accounting for Leases	No. 98
FINANCIAL ACCOUNTING STANDARDS BOARD INTERPRETATIONS:	
Lessee Guarantee of the Residual Value of Leased Property	No. 19
Accounting for Leases in a Business Combination	No. 21
Leases of Certain Property Owned by a Government Unit or Authority	No. 23
Leases Involving Only Part of a Building	No. 24
Accounting for Purchase of a Leased Asset by the Lessee during the Term of the Lease	No. 26
Accounting for a Loss on a Sublease	No. 27
FINANCIAL ACCOUNTING STANDARDS BOARD TECHNICAL BULLETINS:	
Fiscal Funding Clauses in Lease Agreements	No. 79-10
Effect of a Penalty on the Term of a Lease	No. 79-11
Interest Rate Used in Calculating the Present Value of Minimum Lease Payments	No. 79-12
Applicability of FASB Statement No. 13 to Current Value Financial Statements	No. 79-13
Upward Adjustment of Guaranteed Residual Values	No. 79-14
Accounting for Loss on a Sublease Not Involving the Disposal of a Segment	No. 79-15
(Revised) Effect of a Change in Income Tax Rate on the Accounting for Leveraged Leases	No. 79-16
Accounting for Operating Leases with Scheduled Rent	No. 85-3

Increases	
Accounting for an Interest in the Residual Value of a Leased Asset	No. 86-2
Issues Relating to Accounting for Leases	No. 88-1

POLICY QUESTIONS OR INTERPRETATIONS:

Any questions or interpretations regarding this policy should be directed to Accounting Policies and Controls in Memphis.

CHANGE FROM PRECEDING VERSION OF THIS POLICY:

- Added procedures for determining whether an agreement is a lease.
- Clarified procedures related to accounting when rental payments are not made on a straight-line basis, as in the case of rent holidays or scheduled rent increases.
- Added procedures regarding accounting for lease incentives and leasehold improvements.
- Updated Definitions, Responsibility and References sections.

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Policy #30800
TITLE: Charges Related to Acquisition of Fixed Assets

EFFECTIVE: 01/01/2011
SUPERSEDES: 01/02/2007

ISSUED BY: Corporate Controller

OBJECTIVE: To establish a Company policy for determining the proper accounting for certain charges incurred in connection with the acquisition of fixed assets.

SCOPE: All units of the Company.

POLICY:
The following costs should be included in CIP until final approval of an Authorization for Expenditure ("AFE") is obtained:

1. Expenses incurred for preparation of plans, specifications and blueprints.
2. Third party architects' and engineering design costs.
3. Preliminary engineering and programming costs on installation of computer systems used in manufacturing processes.
4. Legal and environmental research costs in connection with application for EPA permits.
5. Project Managers' and other internal costs incurred for projects of $100,000 or more in capital costs.

Once the AFE is approved, these costs should be transferred to the specific AFE project they relate to. If an AFE is not approved, any costs previously charged to CIP should be expensed. If an extension is needed for the project the Mill Controller will request approval from the Corporate Controller.

RESPONSIBILITY

The Mill Controller is responsible for adherence to this policy and for the issuance of procedures to implement it for their operation.

REFERENCES

FINANCIAL POLICY MANUAL	
Capitalization and Expensing of Expenditures for Fixed Assets	Number 30500
Retirement of Fixed Assets	Number 30506
Start Up Costs	Number 30810
Project Manager's and Other Internal Costs	Number 30820

POLICY QUESTIONS OR INTERPRETATIONS

Any questions or interpretations regarding this policy should be directed to the Corporate Controller.

CHANGES FROM PRECEDING VERSION OF THIS POLICY

Updating for Kapstone.

Policy #30820
TITLE: Project Managers' and Other Internal Costs

EFFECTIVE: 01/01/2011
SUPERSEDES: 01/02/2007

ISSUED BY: Corporate Controller

OBJECTIVE: To establish a Company policy for determining the proper accounting for Project Managers' and other internal costs incurred in connection with the acquisition of fixed assets.

SCOPE: All units of the Company.

POLICY:
Project Managers' and other internal costs will be capitalized when these costs are incurred for any capital projects supported by an Authorization for Expenditure ("AFE") of $100,000 or more.

PROCEDURE:
From the date Preliminary Design and Scoping (PD&S) approval is received thru the date final AFE is received, Project Managers' and other related internal costs will be recorded in CIP. Upon receipt of final AFE approval, such costs will be transferred to the specific AFE project. If the AFE is not approved, such costs will be expensed.

Recording of depreciation of Project Managers' and other internal costs will begin when the fixed assets to which they relate are placed into service.

DEFINITIONS:

Project Manager for purposes of applying this policy, a Project Manager is the person who has been designated the "Project Manager" or "Project Leader" by the Mill Manager or Director of Engineering. In some cases this person may be in the maintenance or other department.

Project Managers' costs include salary, benefits and travel expenses.

Other internal costs are any other direct costs that the Project Manager deems necessary for the project.

RESPONSIBILITY:

The Mill Controller is responsible for adherence to this policy and for the issuance of procedures to implement it for their operation.

REFERENCES:

FINANCIAL POLICY MANUAL	
Capitalization and Expensing of Expenditures for Fixed Assets	Number 30500
Charges Related to Acquisition of Fixed Assets	Number 30800
Start Up Costs	Number 30810

POLICY QUESTIONS OR INTERPRETATIONS:

Any questions or interpretations regarding this policy should be directed to the Corporate Controller.

CHANGES FROM PRECEDING VERSION OF THIS POLICY:

Updating for Kapstone.

Policy #31040

TITLE:	Wood Fiber Procurement and Transfer
EFFECTIVE:	02/20/2004
SUPERSEDES:	11/15/1992
ISSUED BY:	Accounting Policies & Controls (901) 419-4129

OBJECTIVE:

To establish a method of transfer pricing between Forest Resources Fiber Procurement and fiber-consuming operations (i.e., pulp and paper mills and Wood Products facilities).

SCOPE:

All U.S. pulp and paper mills and Wood Products facilities supplied by Fiber Procurement.

POLICY:

Pulp and paper mills and Wood Products facilities will purchase all wood from Fiber Procurement. The transfer price charged to the consuming units will be based on the following:

- Wood from fee, short-term leases, long-term leases and cutting contracts - Negotiated delivered price or stumpage price charged to Fiber Procurement, plus costs associated with wood procurement, logging and delivery (including remote woodyard operations and chip plants) and severance taxes.
- Outside purchases (i.e., gate wood) - Actual cost plus freight and procurement costs.

Fiber Procurement expenses will be charged to the fiber-consuming units.

Unrealized profit in ending inventory resulting from the implementation of this policy will be eliminated. Unrealized profit will be calculated quarterly or as deemed necessary by Financial Reporting.

PROCEDURE:

I. TRANSFER PRICE

A. Wood

Wood obtained from various sources (fee, short-term leases, long-term leases and cutting contracts) will be charged to wood fiber consuming units at the cost incurred by Fiber Procurement.

B. Wood Products Plant Chips

International Paper Wood Products plant chips shipped to an International Paper consuming unit will be priced by agreement between Fiber Procurement and Wood Products. Chips not required by Fiber Procurement may be sold to third parties by Wood Products.

C. Outside Purchases

Gate wood, supplier wood and purchased chips (including sawdust, burnable materials, etc.) will be charged to the consuming units at the cost incurred by Fiber Procurement,

plus procurement, freight and woodyard costs.

II. ACCOUNTING FOR FIBER PROCUREMENT EXPENSES

Fiber Procurement expenses will be specifically identified and charged to the fiber-consuming operations. Variances from plan will be assigned to the fiber-consuming units. However, Fiber Procurement will be responsible for the management actions of reporting, analyzing and eliminating these variances.

Harvesting and delivery costs (including woodyards, chip plants and severance taxes) will be identified by the user location and billed as part of the fiber cost. Where specific identification is not possible, these costs will be allocated based on budgeted deliveries, unless another equitable basis is determined appropriate for a particular Region and approved by Forest Resources Division Finance.

Depreciation expense (for harvesting and delivery) will be identified separately and allocated to consuming units based on budgeted deliveries, unless another equitable basis is determined appropriate for a particular Region and approved by Forest Resources Division Finance.

Procurement costs will be accumulated by Region and allocated to users based on budgeted deliveries, unless another equitable basis is determined appropriate for a particular region and approved by Forest Resources Division Finance. Where possible, the cost of procuring chips will be separately identified and billed to users.

Managerial and administrative expenses (i.e. Fiber Support Expense) will be charged to the fiber-consuming units based on budgeted deliveries, unless another equitable basis is determined appropriate and approved by Forest Resources Division Finance.

All miscellaneous income/expense will be applied to wood procurement expense, a component of wood cost.

Undercuts and overcuts on short-term leases, and any costs associated with contract extension, termination, etc., will be charged/credited to the fiber-consuming unit.

Fiber Support Expenses (i.e., managerial and administrative expenses, depreciation and woods road amortization) charged to the pulp and paper mills by Fiber Procurement will be expensed as period costs. However, these costs will be treated as an element of inventory cost by the Wood Products plants.

Procurement, harvesting and delivery costs, road maintenance and the costs of temporary logging roads will be included as part of the fiber cost to all consumers.

Fiber Procurement's budgeted capital employed will be allocated to each consumer based on budgeted deliveries, unless another equitable basis is determined appropriate and is approved by Forest Resources Division Finance. Thus, Corporate S&A and interest associated with this capital will be allocated to the consumers.

RESPONSIBILITY:

FIBER PROCUREMENT
To operate as a service organization for the fiber-consuming units. While costs will be passed through to the user, Fiber Procurement will have responsibility for these costs.

PULP AND PAPER MILLS AND WOOD PRODUCTS PLANTS
To purchase all wood from Fiber Procurement. To plan fiber requirements with Fiber Procurement, specifying species, quality/grade and size.

REFERENCES:

FINANCIAL POLICY MANUAL:

Land, Timberland and Timber Leases Number 30700

POLICY QUESTIONS OR INTERPRETATIONS:

Any questions or interpretations regarding this policy should be directed to Accounting Policies and Controls in Memphis.

CHANGES FROM PRECEDING VERSION OF THIS POLICY:

- The policy has been revised for the change in responsibilities from Logging & Fiber Supply to Forest Resources Fiber Procurement.
- Fiber Procurement expenses will be allocated based on budgeted deliveries, unless another equitable basis is determined appropriate for a particular Region and approved by Forest Resources Division Finance.
- The Responsibility and References sections have been updated.

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Policy #31290

TITLE:	Asset Retirement Obligations
EFFECTIVE:	06/04/2004
SUPERSEDES:	
ISSUED BY:	Accounting Policies & Controls (901) 419-4129

OBJECTIVE:

To establish a Corporate policy to account for and report asset retirement obligations.

SCOPE:

All units of the Company.

POLICY:

When a long-lived asset is placed in service where a legal or contractual obligation exists to take actions and incur costs associated with the retirement of this asset, an asset and a liability equal to the present value of these estimated retirement costs should be recorded when the amount of the liability is reasonably estimable. International Paper's asset retirement obligations generally relate to closure costs for landfills and other environmental liabilities resulting from the normal operations of long-lived assets.

PROCEDURE:

I. ACCOUNTING FOR ASSET RETIREMENT OBLIGATIONS

A. Initial Recording of Asset Retirement Obligations

1. A liability should be recorded equal to the fair value of the estimated asset retirement obligation (ARO). This fair value should be the amount for which the ARO can be settled between willing parties, or prices for similar liabilities, and the results of present value techniques using the credit-adjusted risk-free rate in effect at the time the liability is established. Contact the Treasury Department in Stamford for assistance in determining the appropriate rate to be used. In situations where a landfill is within ten years of its final closure, liabilities for post-closure costs should be considered, estimated and recorded. The liability should be recorded to the Long-Term Closure Costs Reserve Account (SAP account 312000; Hyperion account 91845-328001).

2. An asset should be recorded equal to the liability. The asset should be recorded to Gross Cost - Other PP&E (SAP account 10400010; Hyperion account 84300-Gross Costs Other PP&E) in SAP Asset Management or other fixed asset system. Contact the Fixed Assets Group in the Tax Department for assistance with SAP Asset Management.

3. Depreciation expense related to the asset should be recognized over the useful life of the related long-lived asset (i.e., over the life of the related landfill, etc.). The accumulated depreciation should be recorded to Total Depreciation/Amortization (SAP account 12150010; Hyperion account 84870).

4. In order to fully accrue the actual liability, the liability should be accreted by a charge to accretion expense over the period from when the liability is established until the liability is paid in full. This is done by applying an interest method of allocation to the amount of the liability at the beginning of the period, using the credit-adjusted risk-free rate that existed when the

liability was initially measured. Accretion expense should be recorded to Accretion Expense (SAP account 72900211; Hyperion account 28250-556100).

B. Monthly Accounting for Asset Retirement Obligations

1. Depreciation expense related to the asset will be booked monthly via SAP Asset Management or other fixed asset system.

2. Accretion expense related to the liability will be booked monthly by each of the locations.

C. Adjustments to Existing Asset Retirement Obligations

1. At least once per year, an evaluation of both the estimated remaining useful life of the long-lived asset and the estimated future amount of the ARO should be made by each location, and resulting changes in the asset retirement cost and liability, and related depreciation and accretion expense should be made.

2. Any upward revisions in the amount of undiscounted estimated cash flow shall be discounted using the current credit-adjusted risk-free rate in effect at the time of the upward revision. Contact Treasury for the current rate. Downward revisions in the amount of undiscounted estimated cash flows shall be discounted using the credit-adjusted risk-free rate that existed when the original liability was recognized.

3. Any adjustments to the asset retirement cost or its depreciable life must be made in SAP Asset Management or other applicable fixed asset system. Contact the Fixed Assets Group in the Tax Department for assistance with changes to SAP Asset Management.

II. REPORTING ASSET RETIREMENT OBLIGATIONS

On a quarterly basis, each location that has an ARO recorded on its books will be required to submit a reconciliation of the beginning and ending aggregate carrying amount of the liability showing separately the changes attributable to:

1. Liabilities incurred in the current period,
2. Liabilities settled in the current period,
3. Accretion expense, and
4. Revisions in estimated cash flows.

The reconciliation should be submitted to Financial Reporting.

DEFINITIONS:

ASSET RETIREMENT OBLIGATION
Obligation associated with the retirement of a tangible long-lived asset.

ASSET RETIREMENT COST
Amount capitalized that increases the carrying amount of the long-lived asset when a liability for an asset retirement obligation is recognized.

ACCRETION EXPENSE
Measure of changes in a liability for an asset retirement obligation due to the passage of time.

CREDIT-ADJUSTED RISK-FREE RATE
Discount rate that takes into account the Company's credit standing rather than the estimated cash flows.

RESPONSIBILITY:

The controller of each plant, mill, division, group or subsidiary is responsible for adherence to this policy and for the issuance of procedures to implement it within their respective operations.

REFERENCES:

FINANCIAL POLICY MANUAL:	
Determination of Placed In Service Date of Fixed Assets	Number 30502
FINANCIAL ACCOUNTING STANDARDS BOARD:	
Accounting for Asset Retirement Obligations	FAS 143

POLICY QUESTIONS OR INTERPRETATIONS:

Any questions or interpretations regarding this policy should be directed to Accounting Policies and Controls in Memphis, TN.

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Contact Webmaster

KAPSTONE PAPER AND PACKAGING CORPORATION
FINANCIAL DERIVATIVES POLICY

1.0 PURPOSE

The purpose of this Policy is to establish guidelines for the use of financial derivatives to manage business risks of KapStone Paper and Packaging Corporation ("KapStone") and to outline information needed to support ASC 815 accounting, which requires that all financial derivatives be recognized as either assets or liabilities and be measured at fair value.

2.0 DEFINITIONS

A **financial derivative** is a contract whose value changes with changes in one or more underlying market variables, such as exchange rates.

When used for **hedging** purposes, gains or losses on derivative instruments should be offset by losses or gains on related business exposures; as a result a change in the market variable should have no net impact on the company's income and/or cash flow.

When used for **speculation**, there is no offsetting business exposure related to the derivative position; therefore any gain or loss on the derivative has a direct impact on the company's income and/or cash flow.

3.0 SCOPE

This Policy affects any employee or agent of KapStone who is responsible for financial derivatives.

4.0 FINANCIAL DERIVATIVES POLICY

KapStone may enter into financial derivative transactions to mitigate losses due to unfavorable market variable fluctuations as defined below:

Derivative Instrument	Designated Risk	ASC 815 Strategy
FX forward contract or option	Sales exchange rate exposure	Cash flow hedge
FX forward contract or option	A/R exchange rate exposure	N/A

5.0 RESPONSIBILITY

The CFO is responsible for approving the use of financial derivatives.

The Assistant Treasurer or Treasurer is responsible for managing financial derivatives, ensuring the compliance with established guidelines.

6.0 GUIDELINES

Financial derivatives may be used for hedging purposes only. The use of derivatives for speculation is prohibited.

Institutions used to purchase financial derivatives must meet appropriate credit standards.

The notional amount of the foreign currency forward contract or option will be a percentage of forecasted exposure at the time of purchase, as determined and periodically adjusted by the CFO.

A foreign currency forward contract or option may be designated as a cash flow hedge, if the forecasted transaction is probable of occurring and the hedge is highly effective.

Accounting controls will be implemented to ensure derivative transactions are properly reflected in the financial statements. Individual trade confirmations will be reconciled, all forward contracts or options will be marked to market rates at month end, and income or expense will be recognized when appropriate. (Refer to the Hedging and Forward Contracts technical memo for accounting detail.)

Hedge Effectiveness Requirements

Reporting procedures are established to track derivative positions, underlying business risks and hedging effectiveness at the inception of the hedge and at least quarterly going forward.

KapStone assumes all cash flow hedges are effective, based on the matched terms method (all the critical terms of the hedging derivative and hedged exposure are matched), and therefore defers the changes in spot rate on the foreign currency forward contracts or options to other comprehensive income. Changes in the fair value of the forward points will be recognized in earnings.

Any ineffective portion of the cash flow hedge and the gain or loss on a financial derivative not designated as a hedging instrument will also be recognized in earnings. No other analysis is required.

KAPSTONE PAPER AND PACKAGING CORPORATION
INVESTMENT POLICY

1.0 PURPOSE

The purpose of this Policy is to define the requirements for investing the excess cash of KapStone Paper and Packaging Corporation ("KapStone").

2.0 SCOPE

This Policy affects any employee or agent of KapStone who is responsible for cash management.

3.0 INVESTMENT POLICY

Investment of excess cash will be managed to:

- ensure the safety of principal through securities having high credit quality and low market risk
- provide the desired level of liquidity sufficient to satisfy working capital needs and strategic initiatives
- maximize after tax income and return compatible with the maintenance of safety and liquidity

4.0 RESPONSIBILITY

The Assistant Treasurer or Treasurer is responsible for managing the investment of excess cash, ensuring the monitoring and adherence of guidelines.

5.0 GUIDELINES

A. Maturity

The final maturity for any individual security should not exceed 12 months.

B. Duration

The weighted average maturity of the portfolio should not exceed 3 months.

C. Eligible Securities

Obligations of the U.S. Treasury
Money Market Funds
Commercial Paper
Certificates of Deposit
Banker's Acceptances
Repurchase Agreements

D. Credit Quality

Eligible securities should bear a credit rating of A1/P1 or higher for short term investments and Aa/AA or higher for longer term investments.

E. Diversification

No more than 10% of the portfolio at the time of purchase is to be invested in any one issuer; no more than 30% of the portfolio at the time of purchase is to be invested in one industry.

Treasuries and money market mutual funds are exempt from these concentrations.

KAPSTONE PAPER AND PACKAGING CORPORATION
AMENDED AND RESTATED 2009 EMPLOYEE STOCK PURCHASE PLAN

WITNESSETH:

WHEREAS, KapStone Paper and Packaging Corporation (the "Company") desires to provide eligible employees of the Company and its subsidiaries interest in the Company through the purchase of shares of common stock of the Company ("Common Stock");

WHEREAS, the Company desires to offer inducement to eligible employees to remain as employees by providing a plan for the purchase of Common Stock at a discounted rate;

WHEREAS, the Plan was adopted by the Board of Directors on October 9, 2009 and approved by the shareholders on May 27, 2010;

WHEREAS, the Company effected a 2 for 1 stock split distributed on January 7, 2014 to the record holders of Common Stock at the close of business on December 23, 2013; and

WHEREAS, pursuant to Section 8.01 of the Plan, in the event of any change after the Effective Date in the outstanding shares of the Company by reason of stock split there shall be made a corresponding adjustment in the number and kind of shares reserved under this Plan.

NOW, THEREFORE, effective December 31, 2013, the Company hereby amends and restates this Employee Stock Purchase Plan (the "Plan") pursuant to the provisions of Section 423 of the Internal Revenue Code of 1986, as amended, as follows:

ARTICLE I

ESTABLISHMENT OF PLAN

The Plan is hereby established effective as of the later of January 1, 2010 or the date the registration of the Common Stock to be issued hereunder is declared effective by the Securities and Exchange Commission; provided, however, that this Plan shall not become effective unless it has received the approval of the holders of a majority of the issued and outstanding Common Stock of the Company who are either present or represented and entitled to vote at a meeting of shareholders of the Company duly held within twelve (12) months after the date the Plan is adopted by the Board of Directors of the Company.

ARTICLE II

DEFINITIONS AND CONSTRUCTION

Section 2.01. Definitions. When the initial letter of a word or phrase is capitalized, the meaning of such word or phrase shall be as follows:

(a) "**Account**" means one or more bookkeeping accounts where a recording of each Participant's interest in the Plan, consisting of the sum of the Participant's payroll deductions under the Plan and the number of shares of Common Stock purchased by the Participant, all of which shall be maintained by the Custodian. Each Account shall be in the name of the Participant only.

(b) "**Act**" means the Securities Exchange Act of 1934, as amended.

(c) "**Board of Directors**" means the board of directors of the Company as it shall exist from time to time.

(d) "**Code**" means the Internal Revenue Code of 1986, as amended or any subsequently enacted federal revenue law, as well as any regulations duly promulgated thereunder.

(e) "**Committee**" means the Compensation Committee of the Board of Directors, provided that, if any member of the Committee does not qualify as both an outside director for purposes of Code Section 162(m) and a non-employee director for purposes of Rule 16b-3 of the Act, the remaining members of the Committee (but not less than two members) shall be constituted as a subcommittee of the Committee to act as the Committee for purposes of the Plan.

(f) "**Common Stock**" means the shares of Common Stock, $0.0001 par value per share, of the Company.

(g) "**Company**" means KapStone Paper and Packaging Corporation, a Delaware corporation, and its successors (by merger, consolidation or otherwise) and assigns.

(h) "**Compensation**" means all compensation paid by the Company or any subsidiary to an employee through their respective payroll systems for services as an employee, including wages or salary, paid time off and approved absence pay, but excluding overtime payments, incentive compensation, bonuses, profit sharing payments, stock incentive program payments, severance payments and all fringe benefit payments.

(i) "**Custodian**". means any party designated by the Committee or Plan Administrator pursuant to Section 7.02 to act as custodian of the Plan.

(j) "**Effective Date**" means the effective date of this Plan, which is the later of January 1, 2010 or the date the registration of shares of Common Stock to be issued hereunder with the Securities and Exchange Commission is declared effective.

(k) "**Eligible Employee**" means any person residing in the United States who is employed by the Company or any of its subsidiaries on the Offering Date (as designated by the Committee or Plan Administrator) except for:

(i) employees whose customary employment is twenty (20) hours or less per week or less than five months in a calendar year; or

(ii) any officer of the Company who is also a "highly compensated employee" within the meaning of the Code Section 414(q).

(l) "**Fair Market Value**" means (a) the closing price on any national securities exchange on which the Common Stock is listed or (b) the average of the closing bid and asked prices in the over-the-counter-market, whichever is applicable, as published in The Wall Street Journal, or if not so listed, the price reasonably determined by the Committee or Plan Administrator in accordance with Treasury Regulation Section 20.2031-2. If no sales of Common Stock were made on such a day, the price of the Common Stock for purposes of clauses (a) and (b) above shall be the reported price for the next preceding day on which sales were made.

(m) "**Offering Date**" means each January 1 and July 1, or the first business day thereafter on which Common Stock is offered for purchase hereunder and/or such other date or dates selected by the Committee or Plan Administrator from time to time on which Common Stock is offered for

purchase hereunder (with Fair Market Value determined on such date or, if not quoted on such date, on the next succeeding thereto on which Fair Market Value is quoted).

(n) "**Participant**" means an Eligible Employee who (i) authorizes the Company to make payroll deductions from Compensation for the purpose of purchasing Common Stock pursuant to the Plan, (ii) has commenced participation in the Plan pursuant to Section 3.01, and (iii) has not incurred a withdrawal, voluntary or involuntary, pursuant to Article VI.

(o) "**Payday**" means the date on which an Eligible Employee receives any Compensation.

(p) "**Plan**" means this KapStone Paper and Packaging Corporation 2009 Employee Stock Purchase Plan.

(q) "**Plan Administrator**" means one or more individuals to whom authority is delegated by the Committee to administer the Plan.

(r) "**Plan Term**" means the period from the Effective Date to and including December 31, 2019.

(s) "**Purchase Date**" means each of June 30 and December 31 during the Plan Term on which Fair Market Value can be determined and on which Common Stock is acquired hereunder and/or such other date or dates selected by the Committee or Plan Administrator from time to time on which Common Stock is acquired hereunder (with Fair Market Value determined on such date or, if not quoted on such date, on the last day prior thereto on which Fair Market Value is quoted).

(t) "**Purchase Price**" means the price per share of Common Stock for purchase by Participants as defined in Section 5.02.

(u) "**Section**," when not preceded by the word "Code," means a section of this Plan.

Section 2.02. Construction and Governing Law.

(a) This Plan shall be construed, enforced and administered and the validity thereof determined in accordance with the Code and the regulations thereunder, and in accordance with the laws of the State of Delaware when such laws are not inconsistent with the Code.

(b) This Plan is intended to qualify as an employee stock purchase plan under Code Section 423 and the regulations thereunder. The provisions of the Plan shall be construed so as to fulfill this intention.

ARTICLE III

PARTICIPATION

Section 3.01. Participation. Any person who is an Eligible Employee as of any Offering Date under this Plan may become a Participant in this Plan beginning on such Offering Date by completing and delivering to the Committee or Plan Administrator such enrollment agreement, whether in written or electronic form, as the Committee or Plan Administrator shall require to authorize payroll deductions and to request participation in this Plan no later than fifteen (15) days prior to such Offering Date or such other deadline as may be prescribed by the Committee or Plan Administrator.

Section 3.02. Payroll Deductions.

(a) Payroll deductions for a Participant shall commence on the first Payday after the Offering Date when the Eligible Employee becomes a Participant and shall continue thereafter until the earlier of (i) the termination of this Plan, as provided in Section 8.02, or (ii) the date the Participant suspends his or her payroll deductions pursuant to paragraph (b) of this Section 3.02. Each Participant shall authorize his or her employer to make deductions from Participant's Compensation on each Payday during such time as he or she is a Participant in the Plan at whole percentage rates from 1% through 15% of the Participant's Compensation.

(b) A Participant may not increase his or her payroll deduction but may decrease his or her payroll deduction no more than three (3) times between Offering Dates during participation effective as of the Payday following delivery of notice, whether in written or electronic form, to the Committee or Plan Administrator, or as soon as administratively reasonable thereafter. If a Participant, on any scheduled Payday, shall receive no pay or his or her net pay shall be insufficient, after all required deductions, to permit withholding the payroll deduction in full as authorized hereunder and in the enrollment agreement, the Company or its subsidiary shall (i) if the pay is insufficient for any deduction hereunder, suspend the deduction until the next Payday in which Participant's net pay is sufficient for such withholding, or (ii) if the pay is insufficient for a full deduction hereunder, effect a partial deduction equal to the net pay available for such deduction; provided, however, that no withdrawal shall be deemed to have occurred in either event. If no deduction or if a partial deduction is effected, no carryover of the balance of the authorized deduction shall occur.

Section 3.03. Participant's Account. On each Payday, the Company or its subsidiary, as the case may be, shall deduct the authorized amount from each Participant's Compensation and, as soon as administratively reasonable, shall report the amount of such deductions to the Custodian. The Custodian shall credit the Account of each Participant with the amount of the Participant's payroll deduction under the Plan effective as of the Payday on which it was deducted. Interest shall not be paid on amounts held in a Participant's Account.

ARTICLE IV

COMMON STOCK

The shares subject to issuance under this Plan shall be Common Stock. The total number of shares of Common Stock which may be purchased under this Plan shall not exceed in the aggregate one million shares of Common Stock during the Plan Term (based upon the capitalization of the Company as of January 7, 2014), except as such numbers of shares of Common Stock shall be or have been adjusted in accordance with Section 8.01 of this Plan. In the event the aggregate number of shares of Common Stock issuable shall exceed in the aggregate one million shares of Common Stock (adjusted pursuant to Section 8.01 of the Plan), the Committee or Plan Administrator shall reduce proportionately each Participant's purchase hereunder to the extent necessary so that the aggregate number of shares of Common Stock will not exceed the number of authorized shares, allocated proportionately based on Participant contributions for the Purchase Date during which the number of authorized shares is exceeded and if any such reduction results in cash credited to a Participant's Account, such cash shall be refunded to the Participant as soon as administratively practical. Common Stock required to satisfy purchases pursuant to the Plan shall be provided out of the Company's authorized and unissued shares or treasury shares or acquired by the Company in open market transactions or private transactions. If shares of Common Stock are purchased in one or more transactions on the open market or in private transactions at the direction of the Committee or Plan Administrator, the Company will pay the difference between the Purchase Price and the price at which such shares are purchased for Participants.

ARTICLE V

PURCHASE AND SALE OF COMMON STOCK

Section 5.01. The Offering. Notwithstanding any provision in this Plan to the contrary:

(a) a Participant may not purchase Common Stock hereunder to the extent that, after such purchase, the Participant would own (or be considered to own) of record or beneficially shares in the Company possessing five percent (5%) or more of the total combined voting power or value of all classes of shares of the Company, within the meaning of Code Section 423(b)(3);

(b) no Participant may be granted rights to purchase Common Stock under this Plan which accrue at a rate that exceeds Twenty Five Thousand Dollars ($25,000) of Fair Market Value of shares of Common Stock (determined at the Offering Date) for each calendar year during which such a right to purchase Common Stock is outstanding, as provided in Code Section 423(b)(8); and

(c) the maximum number of shares of Common Stock which may be purchased by any Participant on a Purchase Date occurring on or after December 31, 2013 shall be 6,000 shares, except that this maximum number of shares shall be adjusted upon the occurrence of an event described in Section 8.01.

Section 5.02. Purchase Price. The "Purchase Price" for Common Stock purchased shall be equal to 95% of the Fair Market Value per share of the Common Stock on the Purchase Date.

Section 5.03. Purchase of Common Stock; Limitations.

(a) Within five (5) days following each Purchase Date during the Plan Term, the Committee or Plan Administrator shall determine the Purchase Price per share of Common Stock in accordance with Section 5.02 herein. Each Participant shall thereupon automatically purchase from the Company and the Company shall cause to be issued to the Participant, as promptly as administratively possible, that number of whole shares of Common Stock which such Participant's Account shall enable such Participant to purchase at the Purchase Price. Irrespective of the actual date of purchase, the date of purchase of Common Stock hereunder shall be deemed the Purchase Date. All shares purchased shall be maintained by the Custodian in the Account for each Participant.

(b) All cash dividends paid with respect to shares of the Common Stock held in the Account shall be added to the Participant's Account and shall be used to purchase shares of Common Stock at the next Purchase Date. Expenses incurred in the purchase of such shares shall be paid by the Company. All dividends distributed in-kind with respect to Common Stock held in the Account shall be added to the shares held for a Participant in his or her Account. Any distribution of shares with respect to shares of Common Stock held for a Participant in his or her Account shall be added to the shares of Common Stock held for a Participant in his or her Account.

(c) A Participant shall have no interest in or rights as a shareholder with respect to Common Stock under this Plan until such shares of Common Stock have been issued to the Participant.

(d) Any balance remaining in an employee's payroll deduction account following the purchase of shares of Common Stock will be carried forward to the employee's Account, except that if the employee requests a refund of the residual, in accordance with procedures established by the Committee or Plan Administrator, or if the employee terminates his or her employment, the balance shall then be refunded.

Section 5.04. Sale of Common Stock. Unless otherwise prohibited by law or policy of the Company, a Participant shall have the right at any time to direct that any shares of Common Stock in his or her Account be sold and that the proceeds, less expenses of sale, be remitted to him or her.

ARTICLE VI

WITHDRAWAL FROM PARTICIPATION

Section 6.01. Voluntary Withdrawal. A Participant may withdraw from participation in the Plan at any time. A Participant's withdrawal shall be effective as of the Payday following delivery of notice, whether in written or electronic form, to the Committee or Plan Administrator, or as soon as administratively reasonable thereafter. The Committee or Plan Administrator shall notify the Custodian of the withdrawal of any Participant. As soon as administratively reasonable after the effective date of a Participant's withdrawal from the Plan, the participant's payroll deductions shall be refunded via payroll. Any Eligible Employee who withdraws from the Plan shall be entitled to resume payroll deductions and become a Participant only after compliance with Section 3.01.

Section 6.02. Involuntary Withdrawal. Upon termination of a Participant's employment with the Company or its subsidiaries for any reason, including resignation, discharge (with or without cause), disability or retirement, the participant's brokerage account may be maintained as an individual account. The participant's payroll deductions shall be refunded via payroll.

Section 6.03. Interest. No payroll deductions or Account balances paid to a Participant, or paid to any beneficiary in accordance with Section 6.04, shall be credited with interest.

Section 6.04. Participant's Beneficiary.

(a) A Participant may file with the Committee or Plan Administrator a designation of a beneficiary who is to receive any Common Stock or cash credited to the Participant's Account under this Plan in the event of the Participant's death. Such designation of beneficiary may be changed by the Participant at any time by notice to the Committee or Plan Administrator, whether in written or electronic form, as approved by the Committee or Plan Administrator.

(b) Upon the death of a Participant, and on receipt by the Committee or Plan Administrator of reasonable proof of the identity and existence of the Participant's designated beneficiary, the Committee or Plan Administrator shall cause delivery of the shares or cash as provided in Section 6.04(a), if any, to such beneficiary as soon as administratively reasonable. If a Participant dies without a surviving designated beneficiary, the Committee or Plan Administrator shall cause delivery of such shares or cash to the estate or a representative of the estate of the Participant.

(c) No designated beneficiary and no heir or beneficiary of the estate of a deceased Participant shall acquire any interest in the Common Stock or cash credited to the Participant's Account under this Plan prior to the death of the Participant.

ARTICLE VII

PLAN ADMINISTRATION

Section 7.01. Administrative Committee.

(a) The Plan shall be administered, at the expense of the Company, by the Committee, except that the Committee may appoint one or more individuals to comprise the Plan Administrator which will have the authority of the Committee in all Plan administrative matters.

(b) The Committee or Plan Administrator shall be vested with full authority to take any and all actions necessary to implement this Plan and to interpret this Plan and make, administer and interpret such rules and regulations as it deems necessary to administer the Plan. Any determination, construction, interpretation, administration, or application of the Plan by the Committee or Plan Administrator shall be final, conclusive and binding on all Participants, beneficiaries and any and all other persons claiming under or through any Participant.

(c) Service on the Committee shall constitute service as a director of the Company so that members of the Committee shall be entitled to such indemnification and reimbursement as directors of the Company as provided in its Articles of Incorporation and/or Bylaws.

Section 7.02. Custodian.

(a) The Committee or Plan Administrator, in its sole discretion, may appoint a Custodian. The Custodian may be removed by the Committee or Plan Administrator at any time.

(b) The Custodian shall keep or cause to be kept accurate and detailed bookkeeping accounts of all contributions, receipts, disbursements and transfers of cash and shares of Common Stock under the Plan, and all bookkeeping accounts, books and records relating thereto shall be open to inspection and audit at all reasonable times by any person designated by the Board of Directors, the Committee or Plan Administrator.

(c) The expenses of the Custodian shall be borne by the Company.

Section 7.03. Transferability. Neither payroll deductions credited to a Participant's Account nor any rights with regard to the purchase or receipt of Common Stock under this Plan may be assigned, transferred, pledged or otherwise disposed of in any way by the Participant, except with respect to the death of the Participant as provided in Sections 6.02 and 6.04. Any such attempted assignment, transfer, pledge, or other disposition shall be without effect, except that the Committee or Plan Administrator, in its sole discretion, may treat such act as an election to withdraw from the Plan in accordance with Section 6.01.

Section 7.04. Separate Accounting for Payroll Deductions. All funds received or held by the Company under this Plan may be used for the Company's general corporate purposes, and the Company shall not be obligated to segregate such payroll deductions.

Section 7.05. Only Employees Eligible To Participate. Notwithstanding any other provision of the Plan, to be eligible to purchase Common Stock hereunder as of a Purchase Date, a Participant must remain an employee at all times from the Offering Date through such Purchase Date.

Section 7.06. Equal Rights and Privileges. Notwithstanding any other provision of the Plan, all Eligible Employees shall have the same rights and privileges under the Plan, as required by Code Section 423 and the regulations thereunder, and the Committee or Plan Administrator shall administer the Plan and interpret and apply the provisions of the Plan accordingly.

ARTICLE VIII

AMENDMENT AND TERMINATION

Section 8.01. Adjustment of Stock. In the event of any change after the Effective Date in the outstanding shares of the Company by reason of any reorganization, recapitalization, stock split, stock dividend, combination of shares, exchange of shares, merger or consolidation, liquidation, or any other change after the effective date of the Plan in the nature of the Common Stock of the Company, the Committee or Plan Administrator shall make a corresponding adjustment in the number and kind of shares

reserved under this Plan, and in the purchase price and the number and kind of shares covered by outstanding purchase commitments under this Plan as determined by the Committee or Plan Administrator. Any determination by the Committee or Plan Administrator hereunder shall be conclusive, final and binding on all persons. If the Company is a party to a consolidation or a merger in which the Company is not the surviving corporation, a transaction that results in the acquisition of substantially all of the Company's outstanding stock by a single person or group, or a sale or transfer of substantially all of the Company's assets, the Committee or Plan Administrator may take such actions with respect to this Plan as the Committee deems appropriate.

Section 8.02. Amendment and Termination.

(a) The Board of Directors may from time to time, alter, amend, suspend, or terminate this Plan in any way; provided, however, that if this Plan is terminated the effective date of termination shall be immediately after the next Purchase Date; provided further, that the Board of Directors may not, without approval by the holders of the issued and outstanding shares of Common Stock:

(i) increase the maximum number of shares of Common Stock which may be issued under this Plan (other than to reflect adjustment permitted under Section 8.01 hereof);

(ii) change the class of shares which may be issued under this Plan;

(iii) change the designation of the persons or class of persons eligible to participate and receive Common Stock under this Plan; or

(iv) change the provision of Section 5.02 concerning the Purchase Price,

(b) Unless earlier terminated by the Board of Directors pursuant to paragraph (a) of this Section 8.02, this Plan will terminate on the earlier of: (i) the last day of the Plan Term, or (ii) the date on which the authorized remaining Common Stock reserved for this Plan are not sufficient to enable each Participant on such date to purchase at least one share of Common Stock. No purchases of Common Stock shall be made after the termination of this Plan.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Notices. All notices or other communications by a Participant to the Committee or Plan Administrator under or in connection with the Plan shall be deemed to have been duly given when received by the Secretary of the Board of Directors of the Company or when received in the form and at the location or by the person specified by the Committee or Plan Administrator. Any notices or other communications by the Committee or Plan Administrator to a Participant under or in connection with this Plan shall be deemed to have been duly given when mailed by the Committee or Plan Administrator to the most recent address of the Participant on the business records of the Company.

Section 9.02. No Right To Continued Employment. Neither enrollment in the Plan, the purchase of Common Stock hereunder, nor participation otherwise in the Plan shall be deemed to give any employee the right to be retained in the employ of the Company or of its subsidiaries or to interfere with the right of the Company or the subsidiary to discharge any employee at any time.

Section 9.03. Notice of Sale. As a condition of participation in this Plan, each Participant agrees to notify the Company if he or she sells or otherwise disposes of any of his or her shares of Common Stock purchased pursuant to this Plan within two years of the Offering Date on which such shares were offered or within one year of the Purchase Date on which such shares were purchased. Notwithstanding anything

herein to the contrary, the Company (or employer) shall have the right to satisfy any obligations to withhold taxes incurred by reason of the issuance and/or sale of Common Stock hereunder

Section 9.04. Governmental Regulations. The Company shall have no obligation to sell and deliver shares of Common Stock under this Plan unless and until (i) it has taken all actions required to register the shares of Common Stock under the Securities Act of 1933; (ii) any applicable listing requirement of any stock exchange (to the extent the Common Stock is then so listed or quoted) for the Common Stock is met; and (iii) all other applicable provisions of state and federal law have been satisfied.

Adopted by the Board of Directors
On October 1, 2009

Approved by the shareholders
on May 27, 2010

Amended and Restated approved by Plan
Administrator October, 2014

KAPSTONE PAPER AND PACKAGING CORPORATION

ANTI-BRIBERY POLICY

Policy:

It is the policy of KapStone Paper and Packaging Corporation to conduct operations and activities in complete compliance with all applicable laws and regulations that prohibit improper payments to obtain a business advantage, including the U.S. Foreign Corrupt Practices Act (FCPA). No KapStone employee or agent has authority to offer payments to induce an official to affect any government act or decision in a manner that will assist KapStone or any of its subsidiaries or divisions to obtain or retain business. More generally, KapStone strictly prohibits bribery or other improper payments in any of its business operations. This prohibition applies to all business activities, anywhere in the world, whether they involve government officials or are wholly commercial. A bribe or other improper payment to secure a business advantage is never acceptable and can expose individuals and KapStone to possible criminal prosecution, reputational harm or other serious consequences.

The consequences of failing to comply with this policy are potentially disastrous for KapStone and its employees. Violation of the FCPA by a company employee can result in millions of dollars in fines against KapStone and can subject that employee to prosecution, criminal fines, and imprisonment. In addition, KapStone will take all necessary disciplinary action—including dismissal—against employees violating these policies.

Scope:

The KapStone Anti-Bribery Policy applies to all, officers, employees, agents, or other intermediaries acting on KapStone's behalf.

FCPA has broad application to transactions between KapStone and foreign "officials" or representatives of governmental-type organizations. Officers of state owned and operated enterprises generally would be regarded as within the purview of the FCPA. The term foreign official also includes political party officials and candidates for political office. It is often difficult to determine whether a specific circumstance might represent a violation; therefore, it is imperative that all employees read and understand this policy, ask questions if any aspect of the policy is unclear, and that all KapStone sales agents operating outside the United States certify that they understand and agree with this policy in general and FCPA specifically. (See sample certification attached as Appendix A).

Prohibited Payments:

The FCPA generally prohibits payments to foreign officials that are corruptly made to induce a foreign official to use his or her influence to affect a governmental act or decision in a manner that will assist a company or any of its subsidiaries to obtain or retain business. Payments include, but

are not limited to, gifts of substantial value, lavish entertainment, cash, and loans. The prohibited payment could be made to obtain or retain business for KapStone and/or its subsidiaries. It could also be made to obtain legislation, regulations, or rulings to benefit KapStone's business.

Except as allowed by law, KapStone prohibits its employees and agents from making payments, regardless of amount, to any government employee, or gifts or services of substantial value or lavish entertainment, regardless of motive. Please speak with the General Counsel (at 847-239-8800) if you have any questions about whether a particular payment or gift is allowed by law.

The payments prohibited pursuant to the FCPA must not be made even if giving anything of value may be widely accepted or even appear necessary in a country in which KapStone, its subsidiaries and/or agents may be conducting business.

Payments to attorneys, consultants, advisors, suppliers, and customers of KapStone violate the FCPA if made while knowing that all or a portion of such payments will be offered, given, or promises to a foreign official for any of the prohibited purposes stated above.

Facilitating Payments for Routine Governmental Actions:

The FCPA has an exception to the anti-bribery prohibition for payments to expedite or facilitate performance of "routine governmental action." The FCPA lists the following examples of such facilitating payments: obtaining permits, licenses, or other official documents; processing governmental papers such as visas and work orders; providing police protection, mail pick-up and delivery; providing phone service, power and water supply; loading and unloading cargo; and scheduling inspections associated with contract performance or transit of goods across country. "Routine governmental actions" does *not* include any decision by a foreign official to award new business or to continue business with a particular party.

Also, while the FCPA has an exception for facilitation payments, such payments are prohibited under the U.K. Bribery Act and the laws of many other companies. If you have a question about whether a payment falls within the exception, or whether the payment is allowed by local law, you should contact KapStone's General Counsel.

Record Keeping/Accounting Requirements:

FCPA requires that KapStone maintain books and records that in reasonable detail accurately and fairly reflect all transactions. Accordingly, all transactions should:

- Be executed in accordance with management's authorization;
- Be recorded in a manner that permits the preparation of financial statements in accordance with applicable standards (notably Generally Accepted Accounting Principles);
- Maintain accountability of assets;
- Be recorded in accounts that are reconciled to underlying detail at reasonable intervals.

None of these statements is intended to supersede existing KapStone accounting policy.

Agents:

All third parties operating as sales agents for KapStone outside the United States must certify that they understand the FCPA and that they will adhere to FCPA and this policy. Each such agent should execute and deliver to KapStone a written certification at the time that the agent is engaged on behalf of KapStone. A copy of the certification is attached hereto as Appendix A.

Potential "Red Flags":

Employees and representatives of KapStone are encouraged to be aware of "Red Flags" which might represent a questionable transaction. Such "Red Flags" might include:

- Unusual payments of financial arrangements, such as
  - Payments to a numbered bank account
  - Payments to accounts in countries other than where agent is located or business is to be performed
  - Cash payments;
- Unusually high commissions;
- History of corruption in a country;
- Reputation of agent or consultant;
- Refusal by KapStone's sales agent or representative to provide certification (see Appendix A) that it will not take any action that would violate the FCPA;
- Lack of transparency in expenses in accounting records;
- Inflated invoices;
- Relationship between the agent/consultant and the foreign government;
- Apparent lack of qualifications or resources on the part of the KapStone representative to perform the services offered;
- Lacking adequate support documentation such as official stamps or chops where required;
- "Recommendations" of a KapStone representative that come from an official of a potential government customer.

Other Countries' Laws

Other countries also have laws similar to the U.S. FCPA that prohibit bribery of foreign officials by their citizens and companies, including the U.K. Bribery Act. These laws are similar to the FCPA, but often differ in important respects—such as the treatment of facilitation payments. In addition, almost all nations have local laws that prohibit bribery of their public officials. KapStone requires all employees and agents to comply in all respects with applicable foreign laws and regulations. Employees involved in international operations should consult with the General Counsel to ensure that they aware of, and are complying with, applicable laws.

Where to Get Help with Questions or Concerns:

No one will be reprimanded, or otherwise punished, for raising legitimate questions related to any transaction; we encourage this interest in the well-being of KapStone. Providing your name allows KapStone to contact you if necessary during any investigation. KapStone will maintain in

confidence the identity of those individuals who provide their names when reporting to the fullest extent possible consistent with the need to investigate. Absolute confidentiality of any complaint under this Policy, however, cannot be guaranteed because the very fact of conducting an investigation may lead employees or other persons to reach conclusions of their own.

Contact KapStone's General Counsel with any questions or comments on this policy.

Any individual reasonably believes that there has been a material violation of this Policy should report it immediately to KapStone's General Counsel at 847-239-8800. Alternately, an individual may contact KapStone's Chief Financial Officer, who is KapStone's Compliance Officer, or call KapStone's anonymous Ethics and Compliance Hotline at 877-217-4771.

APPENDIX A

Model Sales Agent Certification

_____ (the "Company") hereby represents and warrants to KapStone Paper and Packaging Corporation and its affiliates (collectively "KapStone") as follows:

1. The undersigned is familiar with the United States Foreign Corrupt Practices Act ("FCPA").
2. The undersigned has read and understands KapStone's Anti-Bribery Policy (the "Policy.")
3. The Policy has been read by each employee of the Company who is engaged in the sale and/or distribution of KapStone products.
4. The undersigned has no knowledge of any violation of the FCPA or other applicable anti-bribery laws by the Company, its employees, agents, or representatives.
5. The Company will not make any facilitating payments (as such term is described in the Policy) on behalf of KapStone without the prior written consent of KapStone's General Counsel.
6. The Company will abide by the FCPA and the Policy.
7. The Company will immediately notify KapStone's General Counsel of any violations of the FCPA and/or the Policy by the Company, its employees, agents, or representatives.

_____ [Print name of outside company/third party]

By: _____ [signature of Agent]

Name: _____

Title: _____

Date: _____