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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 VIII**

D. Reece Williams, III, SC Bar No. 6120
Richard C. Detwiler, SC Bar No. 6473
Ian T. Duggan, SC Bar No. 80074
Callison Tighe & Robinson, LLC
1812 Lincoln Street, Suite 200 (29201)
P.O. Box 1390
Columbia, SC 29202-1390
Tel: (803) 404-6900
Email: ReeceWilliams@CallisonTighe.com
RickDetwiler@CallisonTighe.com
IanDuggan@CallisonTighe.com

And

Russell Post (*Pro Hac Vice* pending)
Daniel N. Nightingale (*Pro Hac Vice* pending)
Beck Redden, LLP
1221 McKinney Street, Suite 4500
Houston, Texas 77010-2010
Tel: (713) 951-6292
Email: rpost@beckredden.com
dhammond@beckredden.com

Attorneys for the Appellant

Richard H. Willis, SC Bar No. 6159
Derek D. Tarver, SC Bar No. 103289
Bowman and Brooke, LLP
1441 Main Street, Suite 1200
Columbia, SC 29201
Tel: (803) 726-7420
Email:
Richard.Willis@bowmanandbrooke.com
Derek.Tarver@bowmanandbrooke.com

Attorneys for the Respondents

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FORM
Corporate Finance
Service Organization Control
Report Review (SOC-1)

Issue No. 1
Issue Date 12/1/2014
Revision No. 3
Revision Date 9/20/2016
Form No. CORFINFM-0001

Scope: All KapStone & Subsidiaries
Supersedes: Issue No. 1 (12/01/2014) Rev. No. 2 (11/19/2015)
Issued by: Corporate Finance
Objective: Form for Documenting Review of Service Organization Control Report.

Utilize this form to document KapStone Management's review of the Service Organization ("SO") Control Review Report ("SOC-1") as outlined in the Company's SOC-1 Review Policy found on LinkS under CORFINPO-0004. Management is required to complete this form for each service organization listed on the Service Organization Scoping & Scheduling schedule maintained by Corporate Finance and save a completed copy of this form with the original report and supporting documentation to the KapStone share drive at \\chisfs02\shared\Service Organizations Controls (SOC-1)\ in the folder for the Service Organization. Reviews should be completed as reports become available during the year.

Service Organization		Reviewed by	Name	
			Title	
SOC-1 Date		Date Reviewed		

SECTION 1: THE SERVICE ORGANIZATION

I have read and reviewed the SOC-1 Report Completely:	Choose an item.
What services does this SO provide to KapStone?	
I have reviewed the opinion from the SO's Auditor.	Choose an item.
Do the control objectives within the report satisfy management expectation? Explain.	
Are there any sub-service organizations referenced? (Note – these will be referenced within the report and may be noted in the audit opinion. Please check carefully.)	Choose an item.
List organizations and verify that a separate review form is completed for the SOC-1 reports pertaining to each relevant sub-service organization.	

SECTION 2: ANALYSIS OF CONTROL EXCEPTIONS IDENTIFIED

Review all control exceptions identified within the service auditors testing results and document Management's consideration of the control exception, including the impact on the Company and any mitigating controls in place. If no impact, document why. Add rows as necessary.

Exception	Effect on KapStone Business	Mitigating Controls
1.		
2.		
3.		

SECTION 3: REVIEW OF COMPLEMENTARY USER ENTITY CONTROLS

Review all Complementary User Entity Controls ("CUECs") that are referenced within the report. These are controls the service organization has identified that must be in place at KapStone in order to achieve

the control objective identified. NOTE: CUEC's do not need to be documented for sub-service organizations.

Control Description	Relevant to KapStone's Business? If not, why?	Reference to KapStone Controls Documentation	How was the performance of this control verified?
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Please enter your responses here...

SECTION 4: BRIDGE LETTERS

If the date of the report is earlier than the Company's fiscal year-end, Management must obtain a bridge letter from the SO addressing the control environment for the gap period. This letter must be reviewed to ensure there have been no material changes to the control environment since the date of the original report.

Is a bridge letter necessary?	Choose an item.
Date letter is expected to be received:	Click here to enter a date.
Does the bridge letter identify any changes? If so, how were these addressed?	



Policy
Corporate Finance
Service Organization Control
Report Review (SOC-1)

Issue No.	1
Issue Date	12/01/2014
Revision No.	2
Revision Date	9/20/2016
Policy No.	CORFINPO-0004

Scope: All KapStone & Subsidiaries

Supersedes: Issue 1 (12/01/2014) Rev. No. 1 (5/13/2015)

Issued by: Corporate Finance

Objective: Outline Company Policy around Service Organization Control Review

USE OF SERVICE ORGANIZATIONS AT KAPSTONE

Service Organizations ("SOs") are third-party entities with which KapStone has contracted to outsource critical or material services. The department / organization electing to utilize a SO is responsible for monitoring the controls at the SO and maintaining adequate documentation to support reliance on the SO's control structure. This process is generally completed annually.

While the Company utilizes many service providers, determining if an SO is performing critical or material services is a judgmental decision by Management.

Key considerations should include (but is certainly not limited to):

- The volume of transactions processed in addition to balances at reporting dates;
- The degree of interaction between the activities of the SO and those of the Company. The degree of interaction refers to the extent, to which the Company is able to, and elects to, implement effective internal controls over the processing performed by the SO.



SERVICE ORGANIZATION CONTROL REPORTING

Service organizations utilized by KapStone are required to provide to management a Service Organization Control Report ("SOC-1 Report" or "SOC-1"). The SOC-1 is a report on controls at a SO which are relevant to the Company's internal control over financial reporting ("ICFR"). The SOC-1 report replaces the SAS 70 reports utilized in past years.

There are different varieties of SOC-1 reports intended for different audiences. KapStone management should request a Type II report from each significant SO, and perform a review at least annually. The Type II report includes a description of the SO system, the suitability of the design of controls, and the operating effectiveness of those controls. The report evaluates these factors over a period of time and is comprised of:

- Management's description of the control objectives in place;
- Management's written assertion attesting to the fair presentation, design of controls, and operating effectiveness of the controls over a period of time; and
- The service auditor's opinion on each of the above points.

KapStone Management is required to obtain the SOC-1 report from all significant service organizations (listing maintained by the Corporate Controllers office) and perform the following procedures using form CORFINFM-0001, available on Links:

- Review the opinion provided by the service auditor;
- Review the control objectives included within the report to ensure all control objectives the Company expects to be addressed are included;

- Review all control exceptions identified within the service auditors testing results and document Management's consideration of the control exception, including the impact on the Company and any mitigating controls in place. If no impact, document why.
- Review all Complementary User Entity Controls ("CUECs") that are referenced within the report. These are controls the SO has identified that must be in place at KapStone in order to achieve the control objective identified.
 - Relevant CUECs should be mapped to KapStone control documentation.
- Review the report for any sub-service organizations – a SO utilized BY the primary SO.
 - Management must evaluate the sub-SO's and determine if the service performed is key to services utilized by the Company. If so, review the sub SO's report and document any exceptions or concerns. If not, document why.
- If the date of the SOC-1 report obtained is earlier than the Company's fiscal year-end, Management **must** obtain a bridge letter from the SO addressing the control environment for the time period not covered in the original report. This letter must be reviewed to ensure there have been no material changes to the control environment since the date of the original report.

Management should utilize the Company's Service Organization Report Review Form to complete this process each fiscal year based on the timing of the SO's review **<<CLICK HERE FOR THE FORM>>.**

All reviews should be stored on the KapStone Share Drive (\\chisfs02\shared\Service Organizations Controls (SOC-1)\) in the appropriate folder for the SO.



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IT-3 Data Transmission Security

Population: All KapStone Paper and Packaging, and subsidiaries, employees and contractors

I – Objective and Scope

Data can be transmitted in multiple of ways over the KapStone network, but the two primary methods are through a cable (fiber, copper, etc.) and through the air (wireless). Some data that is important to KapStone is transmitted externally to service providers or is received from service providers (e.g., banks, customers, payroll processors) via the internet. Protecting this data as it is being transmitted is vital to protecting the company's information assets.

The adequate protection of data applies to all forms of transmissions, wireless, internet, data file transmissions related to financial transactions and external data transmissions.

II – POLICY

Appropriate data security controls will be put in place to ensure the integrity and confidentiality of information stored within the company computer systems including those accessed by wireless devices.

A. Wireless Transmission (WiFi)

These settings and policies apply to all wireless network devices communicating over KapStone's network:

Device Approval

All wireless devices must be approved by IT management and IT Security prior to usage within the company. All wireless devices will be managed centrally by KapStone's IT department. Only IT approved wireless devices will be used and must be installed and configured by IT. Installation of a wireless access point will be subject to Change Management Committee approval. Implementation by any employee of a "rogue"



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wireless router is expressly forbidden; KapStone IT may remove an unauthorized access point without warning.

Encryption Protocol

The highest available level of data encryption will be used. This includes setting up 128-bit TKIP (or CKIP for Cisco devices) data encryption with a primary access key. Keys will use strong password rules, as defined in the Password Policy.

Access points will either use private encryption keys, or a combination of public (shared) keys and another authentication factor (username & password.)

The IT Security Officer will maintain the private wireless encryption keys and will not ordinarily give the keys to anyone. If an employee or a vendor needs access via the wireless devices, IT should be contacted to implement the access for the requester. If it is necessary to disclose the key for any emergency reason, the key will be reset at the next possible opportunity. The IT Security Officer will provide evidence of the date that the encryption key is changed, and will maintain a copy of the key in a secured, written format in the Corporate Office.

Password Protection

All administrative interfaces must be password protected. Read only interfaces such as HTTP that display SSID, MAC filter list or Wireless Encryption Protocol (WEP) keys must be disabled or password protected.

Encryption

The Company's acceptable methods of encryption must be enabled on all wireless devices. All data that is transmitted on the wireless network must follow established rules for maintaining confidentiality and integrity.

Monitoring

Routine tests will be performed to identify wireless networks that are in use. All unauthorized wireless networks will be reported to management and appropriate disciplinary actions may be taken, if applicable.



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B. Protecting Access of Data from the Internet

The following setup is used for allowing approved employees and vendors access to data from the internet:

1. SSL security digital certificates are applied for any remote access to verify the user is authorized to access the domain. These certificates will be applied on servers located in the "DMZ". These servers will not be members of the domain.
2. SSL security digital certificates are setup to authenticate email users.
3. SSL security digital certificates are setup to authenticate web portal users since these users could be accessing data on the network from the internet.
4. All SSL keys shall be 128-bit keys.

C. Devices Used for Protection of Data

Servers and Workstations - Principle of Least Privilege

Servers and fixed-IP workstations shall be configured to offer the smallest possible attack "cross section" by disabling any IP service not expressly required for the device's mission; configuring IP services, in particular web servers, with only those features required for the mission.

Firewalls

A firewall is installed to prevent unwanted network data from the internet getting into the network. This is a 3rd party (ProtectPoint) managed firewall located at the main hosting facility at Peak10's Raleigh location. A similar ProtectPoint managed firewall is setup at the failover hosting site at Peak10's Charlotte location. This is due to the fact that remote access to KapStone's network is available through Charlotte connections as a failover for the primary connections at Raleigh.

The IT Security Officer is responsible for periodic review of firewall rules with the third party manager, and for investigating all deliberate attempted intrusions into the network. These will be reported on a timely basis to the Chief Information Officer with any recommendations for further protective action.



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Intrusion Detection

ProtectPoint also provides Intrusion Detection services to KapStone. Unusual patterns of activities are reported, and possible intruders are proactively locked out. See Intrusion Detection policy for more information.

Router Management

Routers are configured at each site on KapStone's network to manage network data transmission between sites and the wide area network. These routers also serve as a security layer by isolating network data transmission to a segment (site LAN) that is intended for another device on that same LAN. All routers are managed by AT&T as part of the WAN management.

Virtual LAN

VLANs (Virtual LAN) are also used to block data transmission from going outside a certain segment and blocking external data from coming into that segment. VLANs are setup at the core switch level which then pushes down to the distribution and access level switches. VLANs are currently setup as a means of isolating process controls systems networks from business systems networks and must conform to the company's IP addressing scheme or have been approved by the CIO. VLANs are managed centrally by KapStone's IT department.



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Encryption

The following are approved methods for data transmission over the Internet or VAN:

Transmission Type	Preferred	Acceptable
EDI	• SSL-encrypted AS2 via VAN • BizTalk-to-BizTalk to VAN (in both cases VAN will forward to partner)	• SSL-encrypted AS2 via Internet direct to partner • Text files via VAN
FTP	• 156-bit triple-DES	• 128- or 256-bit AES WinZip archive • 128-bit or higher PGP
Point-to-Point	• Permanent hardware-based VPN	• Software VPN client
Web Forms	• 128-bit SSL	[none other]



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D. Protection of Financial Data File Transmissions

Data transmitted to or from service providers and customers must observe several basic rules:

1. The data file created by the ERP or other source application must not be exposed to any alteration prior to transmission, i.e., the file is view-only from the moment it is created by the source application. Exception to this rule for valid business reasons must be approved by IT Security. In the event that the business user believes that the information is in error, the data must be corrected at the source and recreated prior to transmission. Examples include Positive Pay (A/P) and ADP PayForce file transmissions.
2. Data transmission must be encrypted in the best available manner and, to the extent technically possible, transmitted under script/job control. The business user may control the execution of this data transmission sequence, but once started may not modify or add to the data. The exact method of transmission control may be dictated by the customer or service provider. See Encryption under section A of this policy.



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E. External Data Transmissions

Business management is responsible for determining the level of protection required for information being set to or received from third parties.

Access Controls

Appropriate access controls must be put in place to ensure that all information being sent to or received from external sources is protected from alteration before, during, and after transmission. The same access controls determined by business users for data residing on Company computer systems must be applied to data being transmitted.

Encryption technologies must be utilized whenever possible. The appropriate level of management must pre-approve all file transmissions occurring on a regularly scheduled basis. Separate procedures must be in place for ad-hoc transmissions to ensure that appropriate management approvals are in place prior to the actual transmission of data.

Utilization of FTP must be approved in advance by IT Security.

Documentation

Documentation must be maintained that lists all files being sent to third parties including the purpose and type of information contained in the file. This documentation must also include the type of file being transmitted and method of encryption.



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III – RISKS & CONTROLS

This policy establishes the following COBIT controls:

DS5.7 Protection of Security Technology

Make security-related technology resistant to tampering, and do not disclose security documentation unnecessarily.

DS5.8 Cryptographic Key Management

Determine that policies and procedures are in place to organize the generation, change, revocation, destruction, distribution, certification, storage, entry, use and archiving of cryptographic keys to ensure the protection of keys against modification and unauthorized disclosure.

DS5.10 Network Security

Use security techniques and related management procedures (e.g., firewalls, security appliances, network segmentation, intrusion detection) to authorize access and control information flows from and to networks.

DS5.11 Exchange of Sensitive Data

Exchange sensitive transaction data only over a trusted path or medium with controls to provide authenticity of content, proof of submission, and proof of receipt and non-repudiation of origin.

IV – AUDITING & EVALUATION

A. Periodic Evaluations

This policy shall be reviewed by the CIO and CFO on a regular basis, but not less than once a year.

B. Internal Audits

The Director of Internal Audit may request to audit this and other security-related policies, and their application, at any time.

C. External Audits

All requests for audits of this policy or its application shall be directed to the CFO or the CIO.



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V - Version History

Version	Date	Author	Notes
1	09/21/2007	Danny Tomlinson	Original release
2	07/31/2008	Christophe Deslandes	Formatting
3	11/04/2008	Christophe Deslandes	Audited version

KAPSTONE PAPER AND PACKAGING CORPORATION

FINANCIAL ACCOUNTING AND APPROVAL OF LEASES POLICY

1.0 PURPOSE

The purpose of this Policy is to define the requirements for securing and recording leases in which KapStone Paper and Packaging Corporation or one of its subsidiaries ("KapStone") is the lessee.

2.0 SCOPE

This Policy applies to any employee or agent of KapStone who is responsible for the procurement, review, approval and accounting of leases.

3.0 LEASE POLICY

All leases to which KapStone is a party shall be accounted for in accordance with the provisions of FASB Accounting Standards Codification 840 "Accounting for Leases", (ASC 840) and the amendments and interpretations thereof.

Any specific questions or interpretations should be directed to Corporate Accounting.

4.0 RESPONSIBILITY

The Purchasing Manager or designee is responsible for obtaining the appropriate review and signature, per the Legal Department's "Contract Review and Signing Authority Policy", and the Controller is responsible for recording the lease in the ledger.

5.0 GUIDELINES

A. Determination

Under ASC 840 a lease is defined as an agreement conveying the right to use property, plant or equipment ("PPE") for a stated period of time. Any agreement under which KapStone is paying for the use of a third party's PPE is a lease.

B. Classification

A lease is classified as either a capital or an operating lease.

1.) 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 should be classified as a capital lease:

- a) The lease transfers ownership of the property to the lessee by the end of the lease term.
- b) The lease contains a bargain purchase option.
- c) The lease term is equal to at least 75% of the estimated economic life of the lease property.
- d) The present value of the minimum lease payments over the lease term is at least 90% of the excess of the fair value of the lease property.

All capital leases need to be reviewed by Corporate.

2.) Operating Lease

If a lease does not meet any of the above criteria, it should be classified as an operating lease.

C. Accounting

The information below is intended to be a general summary of the Financial Accounting Standards Board pronouncements related to accounting for leases.

1.) Capital Lease

An asset and a liability equal to the lessor of the fair value or present value at the beginning of the lease term should be recorded. The present value of the minimum lease payments should be calculated using KapStone's current cost of borrowing (obtain rate from the Treasury Department).

If the lease is classified as a) or b) above, the depreciable life should be consistent with the normal depreciation policy. If it is not, the depreciable life should be equal to the shorter of the estimated useful life or the lease term.

Lease payments should be allocated between the principal amount of the lease obligation and the interest thereon. The allocation process should produce a constant periodic interest rate on the remaining balance.

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 gain or loss.

2.) Operating Lease

Rental expense for an operating lease should be recognized on a straight-line basis over the lease term.

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 the 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. Contact Corporate Accounting for additional guidance.

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.

D. Records

In addition to keeping a copy of the lease locally, it is the responsibility of the general manager to forward an electronic signed copy of leases once finalized to the following department:

- Real Estate Leases – Legal Department
- Equipment Leases ⁽¹⁾ – Treasury Department

Small office equipment leases that are not material in nature; i.e. copy machines, postage machines, faxes, and a like do not need to be sent to treasury department but should be maintained on-site.



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IT-1 Account Management Policy

Population: All KapStone Paper and Packaging, and subsidiaries, employees

I – OBJECTIVE and SCOPE

This policy defines policies and procedures to address the management of all user accounts, which include the creation (requesting, approving, and granting), transfer and termination of access to computer facilities for KapStone employees and business associates.

This policy applies to all KapStone employees, including full-time staff, part-time staff, business associates, and other agents who utilize company-owned or personal computers to access the organization's data and networks. Any and all work performed for KapStone on said computers by any and all employees, through an access connection of any kind, is covered by this policy. Work can include (but is not limited to) e-mail correspondence, web browsing, utilizing internet resources, and any other company application used over the Internet.

II – POLICY

Each individual authorized to access a company computer system will be assigned a unique user account and password. All user attributes will be assigned on the basis of assigned duties.



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A. Account Creation

All KapStone employees will be provided with a basic network account. Selected employees will be given access to one or more software packages on the basis of assigned duties.

Account creation requests will be forwarded by the hiring manager or the HR department to the IT Help Desk using the approved electronic form as part of a new employee's induction process. User accounts will be created after a request form is completed and approved by user department management. Depending on the request, employees may be required to sign additional forms such as the company policy on computer usages and mobile messaging.

In the case of base level hourly employees who will not, at least initially, have access to any functional level to critical systems, accounts for network and base level email can be created upon simple notification by HR that the new employee is hired. This will normally take the form of the weekly New Hire Report or Rehire Report that is currently submitted by HR. If a new employee appears in one of those weekly reports, a network account and base level email account can be created for that employee without additional approval.

Upon account creation, a temporary password will be created and forwarded to the new user. Upon first login, the user will be required to select a new password consistent with KapStone's Password Policy.

Additional Access Authorities

For access to software packages (incl. ERP) or files shares, or Intranet access beyond basic employee portal, the hiring supervisor is responsible for requesting access using the approved electronic form. The specific access that is needed must be specified as to what group(s) the user should be a member of and no indirect access request will be acceptable. In other words, stating the user should have the same access as another user is NOT an acceptable request and will be rejected. The IT department will forward the request to the appropriate parties for approval and segregation of duty (SOD) review as defined below.

Access to user attributes and user-ids, which provide for a high level of computer and/or application security, will be assigned to designated system administrators.



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Service Account IDs

The IT Security Director is considered the owner of and will have the authority to approve all service accounts. The service account will be implemented by the network administrator who will establish the password for the service account. The owner of the service id will be accountable for any use of the user-id.

Support users who have access to these service ids should be documented and approved by the owner of the user-id. In general, only network administrators will have access to modify or otherwise maintain these types of user IDs.

Support User IDs

The IT Security Director and the Chief Information Officer will approve all support user-ids. Support users will include network administrators, wide area network engineers, database administrators, developers, and the like.

The IT Security Director is considered the authority for assigning Support User IDs. This manager will be accountable for their usage and will restrict their assignment to a small number of trusted, qualified individuals. Any Support User IDs with access to modify production data or programs will be reviewed for appropriateness as part of a quarterly review process. All approved users of Support User-IDs should be documented and approved by the business owner of the application.



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B. Account Changes

Access changes for an employee must be submitted by the employee's supervisor to IT using the approved electronic form; the IT department will forward the request to the appropriate parties for approval as defined below.

Any material change in duties of an employee requires that the employee's manager review and alter access as appropriate. The entire access profile of the employee will be reviewed to avoid potential SOD issues.

Cancellation of only part of an employee's access shall be processed as an Account Change. Appropriate action will be taken to remove employee access associated with previous job responsibilities.

If the transferred employee has knowledge of support or process user-ids and passwords, these passwords will be changed immediately.

C. Termination/Account Deletion

When an employee resigns or is terminated, it is the responsibility of the employee's manager to notify HR and HR department's responsibility to notify the IT Help Desk as soon as they are made aware of the termination. Documentation of the event showing the date of termination must accompany the communication to the IT Network Administrator.

Upon notification, the IT Help Desk will schedule the account cancellation to coincide with the employee's termination date. This process will entail:

- Disable the user's accounts.
- Hiding the user's name in the email and Company directories.



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- Backing up the user's data and providing access to said data to the user's supervisor.

Actual deletion of accounts and related data will be performed according to the Data Retention Policy. If a terminated employee has knowledge of administrative, support or service-ids and passwords, these passwords will be changed immediately.

Disabling User IDs

All user-ids will be disabled when either of the following occur:

- after a maximum of 3 consecutive unsuccessful sign-on attempts.
- Failure to complete mandatory periodic (quarterly for knowledge workers and annual for other users) IT security training.

All vendor and contractor AD accounts will be reviewed by management on a monthly basis. The managers responsible each vendor or contractor account are responsible for informing IT when those accounts are no longer needed. IT will then disable the account.

D. Disability and other Leave of Absence

HR shall notify IT Network Administration when an employee is expected to be absent for an extended period of time due either to a leave of absence (maternity, etc) or due to long term disability. In these circumstances, IT will determine from the employee's manager whether the employee will be working or not while on leave. If the employee will not be accessing his/her network account while on leave, the IT Network Administration will *disable* the account, anticipating restoring it when the employee returns from the approved absence. Upon their return, HR shall be responsible for notifying IT Network Administration to re-enable the account.



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E. Emergency Requests

Any employee who suspects inappropriate or illegal access by a fellow employee or outside party should notify the IT Security Director at once. The IT department may request confirmation in writing, will immediately investigate the matter and seek proper approval for actions it deems necessary to protect the Company's information assets.

Only requests for account suspension or related to a potential security breach will be considered on an emergency basis. Account creation or change requests will not be granted emergency status. Business unit managers and HR shall allow proper lead time so that these kinds of changes may be made in a careful, accurate manner per the Service Level Agreement (refer to Section III of this policy).

Immediate employee terminations may be considered on an emergency basis.

F. Access by Non Employees

Requests for contractors and other non-KapStone employees will follow the same procedures and be submitted on the same forms as for employees. These accounts will be reviewed by the KapStone manager of those contractors on a monthly basis to verify the accounts are still needed. In addition, all contractor accounts will be reviewed by Senior IT management and Corporate Finance on a quarterly basis as an additional check for appropriateness. All access will require additional approval as listed below.



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G. Approval

Approval requirements for account requests are required to be approved by the Local Controller and Local IT Manager in addition to the list as follows:

Request Type	Approver(s)
Network Account (Intranet access)	Local or Corporate HR Department AND Department Manager
Intranet – Departmental Portal	Portal owner
File share – Departmental	Business Unit Controller AND Local IT Manager
Dynamics AX ERP	Business Unit Controller <u>or</u> Business Unit Leader AND Local IT Manager
Access by Non-Employee	Business Unit Controller <u>or</u> Business Unit Leader AND Local IT Manager



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	AND IT Director of Security
Remote Access (VPN, dialup)	Business Unit Controller <u>or</u> Business Unit Leader AND Local IT Manager AND IT Director of Security
IT Administrator	Business Unit Controller <u>or</u> Business Unit Leader AND IT Director of Security <u>or</u> Chief Information Officer
Physical access to computer rooms & hosting centers	Business Unit Controller <u>or</u> Business Unit Leader AND IT Director of Security <u>or</u> Chief Information Officer
Software Developer	Business Unit Controller <u>or</u> Business Unit Leader AND Chief Information Officer
Account Cancellation	



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	Local or Corporate HR Department
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"Local" means the business unit to which a physical facility belongs. For Corporate or shared facilities, "local" shall mean "corporate" as in "Corporate Controller".



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H. Forms

Approved forms will be posted on the Company Intranet or Help Desk portal.

III – SERVICE LEVELS

Account change requests for KapStone-controlled systems will be fulfilled within the following time frames (or when the change is requested to be effective, whichever comes later):

Request Type	Acceptable Format	SLA
New Account	Form	3 business days
Account Changes (incl. non-termination related account deletion)	Form	3 business days
Emergency Requests	Form or verbally with email confirmation	8 hours
Account Suspension/Cancellation	Form or verbally with email confirmation	8 hours



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Non-KapStone Requests

Account change requests for non-KapStone systems (for example, divestures and acquisitions) will be subject to other service levels, to be published separately for each entity.

IV – RISKS & CONTROLS

This policy establishes the following COBIT controls:

DS5.4 User Account Management

Address requesting, establishing, issuing, suspending, modifying and closing user accounts and related user privileges with a set of user account management procedures.

DS1.3 Service Level Agreements

Define and agree to SLAs for all critical IT services based on customer requirements and IT capabilities.

V – AUDITING & EVALUATION

A. Periodic Evaluations

This policy shall be reviewed by the CIO and CFO on a regular basis, but not less than once a year.

B. Internal Audits

1. Active Directory and Email accounts shall be reviewed on a Monthly basis by the HR manager for each location.
2. Application access lists shall be reviewed on a Quarterly basis by the plant/office manager and the local controller:
 - Lists of users and their access level shall be reviewed and signed by both the manager and controller, and safeguarded for future audits.
 - The following list shall be reviewed:
 - ERP users.
 - Intranet users.
 - Other critical applications.



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Any discrepancy shall be resolved with a high priority, and a second review scheduled within 5 days to insure all discrepancies were resolved.

3. The Director of Internal Audit can request a review of access lists at any time.

C. External Audits

All requests for audits of this policy or its application shall be directed to the CFO or the CIO.

VI – Version History

Version	Date	Author	Notes
1	03/13/2008	Christophe Deslandes	Original release.
2	07/31/2008	Christophe Deslandes	Formatting.
3	11/04/2008	Christophe Deslandes	Audited version.
4	8/4/2011	Danny Tomlinson	Updates based on practice
5	10/7/2011	Danny Tomlinson	Clarification on base account creation rules

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CODE OF CONDUCT AND ETHICS

Introduction

KapStone Paper and Packaging Corporation and its subsidiaries (collectively “KapStone” or the “Company”) have always endeavored to conduct business in a manner conforming to the highest ethical and business standards. The Company’s reputation for unquestionable integrity is its most valuable asset in its relationships with its employees and agents (collectively “employee(s)”), its customers, its stockholders and the communities in which its operations are located.

This Code of Business Conduct and Ethics (the “Code”) covers a wide range of business practices and procedures and applies to all directors, officers and employees of the Company. It does not cover every issue that may arise, but it sets out basic principles to guide directors, officers and employees of the Company to act in an ethical and legal manner. All of our directors, officers and employees must conduct themselves accordingly and seek to avoid even the appearance of improper behavior. It is essential and a condition of employment that all employees and representatives conform to these principles as they perform their activities on behalf of KapStone.

Since it is not practicable to specify specific requirements for business conduct and ethics for application in every possible situation, an understanding of the philosophy behind these standards is essential. The philosophy of the Company -- upon which its ethical standards are based -- is outlined below.

- * We work hard and treat others with respect.
- * We earn an honest profit by providing the right products and services to our customers.
- * We act responsibly and in a manner that reflects favorably on the Company.
- * We observe applicable laws and regulations.
- * We require honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest, on the part of ourselves and others.
- * We are committed to full, fair, accurate, timely and understandable disclosure in compliance with all applicable laws and regulations in all reports and other documents filed with, or furnished to, the Securities and Exchange Commission (“SEC”) and in all other public releases of information regarding the Company’s finances and operations.

If a law conflicts with a policy in this Code, you must comply with the law; however, if a local custom or policy conflicts with this Code, you must comply with the

Code. If you have any questions about these conflicts, you should ask your supervisor how to handle the situation.

This Code will be strictly enforced. All managers and supervisors are required to enforce this policy and are not permitted to sanction or condone violations. There will be serious adverse consequences for non-adherence to the Code, which may include removal from a position as director or officer, and dismissal as an employee of the Company. If you are in a situation which you believe may violate or lead to a violation of this Code, you should follow the procedures described in Sections 15, 16 and 17 of this Code.

The Company does not tolerate retribution against persons who, in good faith, report suspected violations of law. Persons subject to this Code who retaliate against others who report suspected crimes or wrongs will themselves be subject to immediate discipline.

1. Compliance with Laws

It is the policy of KapStone to comply fully with all valid laws and regulations that govern its operations in the various communities and states in which it operates and to conduct its affairs in keeping with the highest moral, legal, and ethical standards.

There is an obligation, both corporate and individual, to fulfill the intent of the above statement. It is not expected that every employee will have full knowledge of the laws affecting his or her responsibilities. However, KapStone does expect that every employee with significant responsibilities will have a general knowledge of prohibited activities involved in his or her work and will seek guidance on any matter on which there is a question, either directly through his or her supervisor or if necessary, from KapStone's Chairman, Roger Stone.

2. Business Ethics

The law is a base, and ethical business conduct should normally exist at a level above the minimum required by law. This includes the obligation to avoid any actual or apparent conflicts of interest in personal and professional relationships. The honesty and integrity of the Company's business conduct must not be compromised. The Company will not condone ethical violations for the sake of personal gain, personal advantage, expediency or perceived business advantage.

3. KapStone and Its Employees

Employees are KapStone's greatest asset, and it is a KapStone policy to treat them fairly in all matters. KapStone is committed to equal opportunity in all aspects of employment and to full compliance with all federal, state and local laws applicable to hiring and promoting people.

With this in mind, it is the intent of KapStone to:

- * Choose and promote its employees on the basis of their ability to perform the work for which they are hired. KapStone strictly prohibits discrimination based on any legally protected status, including race, color, gender, religion, national origin, disability, veteran status and age.
- * Offer employees a safe, healthful, and clean environment in which to work. Each employee has responsibility for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices and reporting accidents, injuries and unsafe conditions. Violence and threatening behavior are not permitted. Employees should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of illegal drugs in the workplace will not be tolerated.
- * Pay employees fairly in relationship to their contributions to KapStone efforts, within the boundaries of current standards, profitability and market conditions.

4. Discrimination, Harassment and Retaliation

KapStone is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate discrimination, harassment or retaliation. The Company's policy against discrimination applies to any legally protected status, including race, color, gender, religion, national origin, disability, veteran status, sexual orientation and age.

KapStone also prohibits any individual from engaging in any act or any form of harassment of any other individual on the basis of any legally protected status, including race, color, gender, religion, national origin, disability, veteran status, sexual orientation or age. This prohibition covers verbal, as well as physical harassment. Included within this prohibition are unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature, where: (a) there is an attempt made to make submission to such conduct a term or condition of an individual's employment; (b) the submission or rejection of such conduct is used as a basis for employment related decision; and (c) such conduct has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

KapStone prohibits discrimination against any person who provides information to a federal regulatory or law enforcement agency, a member of Congress or any committee of Congress or to a supervisor concerning conduct which the employee reasonably believes constitutes a violation of securities laws or any provision of federal law relating to fraud against stockholders. No one may take any action harmful to any person for providing to a law enforcement officer any truthful information relating to the commission or possible commission of any federal offense.

No director, officer or employee may retaliate against an individual for bringing a complaint of discrimination or harassment or for participating in an investigation or proceeding involving a complaint of discrimination or harassment.

KapStone requires continuous management attention at all levels to assure compliance with the spirit and letter of this policy.

5. Competition and Fair Dealing

KapStone seeks to outperform its competition fairly and honestly. The Company seeks competitive advantages through superior performance, never through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent or inducing such disclosures by past or present employees of other companies is prohibited. Each employee should endeavor to respect the rights of and to deal fairly with the Company's customers, suppliers, competitors and employees. No employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other intentional act or practice.

In its relationships with its competitors, KapStone and its employees will fully understand and strictly adhere to the requirements of the antitrust laws. These laws, which, in the U.S., include the Sherman Act, the Clayton Act, the Robinson-Patman Act, and the Federal Trade Commission Act, seek to advance and maintain the free enterprise system and take precedence over any business objective of KapStone, notwithstanding any resulting increases in income or profits. Such acts as price fixing, restrictive agreements, boycotts, tie-in arrangements exclusive of reciprocal dealings, monopolizing, price inducements, and discriminatory allowances are or may be illegal. All violations of the antitrust laws must be scrupulously avoided by all employees. KapStone will not condone any actions which an employee knew or should have known would violate the antitrust laws or any other valid law or regulation.

The purpose of business entertainment and gifts in a commercial setting is to create goodwill and sound working relationships, not to gain unfair advantage with customers or suppliers. Gifts or bribes for the purpose of influencing the buying decisions of employees of customers or potential customers or to any person in a position to influence a buying decision are clearly improper and prohibited.

6. Insider Trading

Directors, officers and employees who have access to material confidential information are not permitted to use or share that information for securities trading purposes or for any other purpose except the conduct of the Company's business and in strict conformity with all applicable laws and SEC regulations. All non-public information about the Company should be considered confidential information. To use non-public information for personal financial benefit or to "tip" others who might make an investment decision on the basis of this information is not only unethical but also

illegal. Trading in the securities of other companies with which the Company has a relationship while in possession of material nonpublic information is also prohibited.

7. Accounting, Auditing and Internal Control Matters; Public Disclosure Obligations

KapStone's requirement that directors, officers and employees follow the highest ethical standards applies directly to all actions which involve business accounting, financial reporting, internal accounting controls, auditing matters and public disclosure obligations.

The Company requires honest and accurate recording and reporting of information in order to make responsible business decisions. All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform to applicable legal requirements, generally accepted accounting principles and the Company's system of internal controls. No employee is ever authorized to knowingly enter or maintain false or misleading information in corporate books, records or reports. It is prohibited under federal law and Company policy to fraudulently influence, coerce, manipulate or mislead the Company's independent public accountants for the purpose of rendering the Company's financial statements materially misleading. Records should always be retained or destroyed according to the Company's record retention policies.

Full, fair, accurate, timely and understandable disclosure is required in all reports and documents that the Company files with, or submits to, the SEC and in any other public communications regarding the Company's business, financial condition or results of operations.

All officers, directors and employees are required to report, or cause to be reported, information, and should assist in any investigation by any regulatory or law enforcement agency, elected officials or others responsible for such matters, concerning matters that the officer, director or employee reasonably believes could constitute matters described in:

- * Section 806 of the Sarbanes-Oxley Act of 2002, including wire fraud, mail fraud, bank fraud or securities fraud, breach of any rule or regulation promulgated by the SEC or any federal rules relating to fraud against stockholders;
- * Section 301 of the Sarbanes-Oxley Act of 2002, including questionable accounting, internal controls and auditing matters;
- * Item 406 of Regulation S-K, including disclosures in SEC reports and other public disclosures that are not full, fair, accurate, timely and understandable; and

- * Applicable New York Stock Exchange listing standards, including conflicts of interest and violations of laws, rules, or regulations applicable to the Company.

Accounting procedures and controls are prescribed by Company policies. Within these policies, the officers of the Company have the primary responsibility for establishing and monitoring adequate systems of internal accounting and controls, and all employees must adhere to these controls. The Company's auditors monitor and document compliance with these internal controls.

The Audit Committee of the Company has adopted special procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters. These procedures are set out in Sections 16 and 17 of this Code.

8. Confidentiality

Employees must maintain the confidentiality of the information entrusted to them by the Company or its customers, except when disclosure is authorized by the Chairman and Chief Executive Officer, the President or required by law. Confidential information includes all non-public information that might be of use to competitors or harmful to the Company or its customers, if disclosed. It also includes information that suppliers and customers have entrusted to us. The obligation to preserve confidential information continues even after employment ends.

9. Protection and Proper Use of Company Assets

All directors, officers and employees should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation.

Many employees regularly use business expense accounts, which must be documented and recorded accurately and in accordance with the Company's policies. If you are not sure whether a certain expense is legitimate, ask your supervisor or your controller.

The obligation to protect the Company's assets includes the Company's proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks and copyrights, as well as business, marketing, product development and service plans, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil or even criminal penalties.

10. Payments to Government Personnel

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in

order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials of any country. In addition, the U.S. government has a number of laws and regulations regarding business gratuities which may be accepted by U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate Company policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules.

Payments, regardless of amount, to any government employee, or gifts or services of substantial value or lavish entertainment, regardless of motive, are prohibited. Relationships with public employees shall be so conducted that neither the official's nor KapStone's integrity would be compromised if the full details of the relationship became a matter of public knowledge. The Company's Chief Financial Officer (the "Compliance Officer" for purposes of this Code) can provide guidance to you in this area.

11. Political Contributions

Virtually every state either limits or prohibits the making of political contributions by a corporation to a state or local candidate or political party. KapStone's policy is to make no financial contributions to a political party or to a candidate running for any elective office, except as permitted by law. This applies to all political parties or candidates. All political contributions, including those requested by customers or suppliers, must be approved by both the Compliance Officer and the General Counsel.

12. KapStone and the Community

KapStone shall conduct its business in a manner that is socially and ethically responsible. In addition to operating and managing its business, it shall seek to reasonably protect the quality of the environment and endeavor to conserve energy and other valuable resources.

Each of the KapStone's facilities is expected to make every effort to be an integral part of the community in which it operates, and to participate in its activities as a concerned and responsible citizen. Like individual citizens, the Company benefits from and supports such activities as health, welfare, character building, education, and culture. KapStone recognizes that employee participation in cultural, social, or volunteer organizations can be public service of a higher order, and all KapStone employees are encouraged to participate during their non-working hours in public matters of their individual choice.

13. Conflicts of Interest

It has always been and continues to be KapStone's intent that its employees maintain the highest standards of loyalty in their conduct of the Company's affairs. Directors, officers and employees owe a duty to the Company to advance the Company's legitimate interests when the opportunity to do so arises. In essence, KapStone's employees shall deal with suppliers, customers, and other persons doing business or seeking to do business with the Company in a manner that eliminates considerations of

personal advantage. Because they hold positions of trust in the Company, a director, an officer, or any other employee may not make a profit from the Company because of his or her official position. They are also prohibited from engaging in a competing business.

Any direct or indirect conflict of interest between the Company and any director, officer or employee is prohibited unless otherwise consented to by the Company. The Company believes that it is in its best interests and is consistent with the obligations of directors, officers and employees to the Company to establish a policy that all business decisions will reflect independent judgment and discretion, uninfluenced by any considerations other than those honestly believed to be in the best interests of the Company and its stockholders. Any decision will be deemed to be in conflict with the interests of the Company if, in the course of affiliation with the Company, the judgment and discretion of a director, officer or employee is or may be influenced by considerations of personal gain or benefit, or gain or benefit to a third party, whether or not affiliated with the director, officer or employee. The divided loyalty that is present when a director, officer or employee has a conflict of interest could potentially lead to serious problems for the Company and could be grounds for disciplinary action or termination by the Company.

It is not possible to describe every situation or occurrence that could lead to a conflict of interest between a director, officer or employee and the Company. The events set forth below are intended to describe, by way of example, situations that could occur that could lead to a conflict of interest with the Company. Any questions regarding conflicts of interest should be discussed with the Company's Compliance Officer or General Counsel:

- * *Relationships with Customer or Competitors:* Stock ownership and other financial interests or participation in any customer, supplier or competitor of the Company must be reported to the Compliance Officer; provided, however, stock ownership of less than 1% in a company whose stock is publicly traded will not be deemed a conflict of interest so long as the ownership does not comprise a significant portion of the net worth of the director, officer or employee.
- * *Indirect Interests and Relationships:* A conflict of interest can arise because of the business activities of an affiliate of a director, officer or employee. The term affiliate includes close family members and family members who live in the same household as a director, officer or employee. A director, officer or employee has a potential conflict of interest whenever his or her affiliate has a significant interest in a transaction or a significant relationship with any customer, supplier or competitor of the Company. The director, officer or employee should not make or influence any decision which could directly or indirectly benefit his or her affiliate and, in order to protect the director, officer or employee and the Company from the appearance of a conflict of interest, all relationships of this nature must be reported to the Compliance Officer.

- * *Gifts and Entertainment:* No gifts or entertainment at non-business-related functions may be accepted other than noncash gifts used for promotional purposes or entertainment having a value of less than \$100 per year; however, values in excess of \$100 per year may be approved by an employee's supervisor. Gifts of entertainment may only be accepted when the employee is to be accompanied by the vendor at the entertainment event. Participation in business-related functions is permitted, including the acceptance of entertainment or meals. However, each employee should exercise care to ensure that such functions are necessary and related to the conduct of business on behalf of the Company. If in doubt, the Compliance Officer should be consulted.
- * *Loans:* An employee will not accept loans from any person having or seeking business with the Company (other than loans from banks or financial institutions at prevailing market rates and terms).
- * *Outside Business Activities:* As a general rule, the Company does not allow its employees to participate or engage in business activities outside of their employment with the Company. As a general rule, participation on a part-time or other basis in any outside business or employment will be a conflict of interest if the director, officer or employee's participation in that business could interfere with his or her ability to devote proper time and attention to his or her employment with the Company.
- * *Non-business Activities:* Participation in the activities of a trade association, professional society, charitable institution or governmental institution, on a non-compensated basis, or holding a part-time public office (with or without compensation) will not generally create a conflict of interest in violation of this Code. However, if any director, officer or employee is unsure of his or her particular situation, the Compliance Officer should be consulted.
- * *Personal Use of Company Property and Company Information:* It is against Company policy for any director, officer or employee to use or divert any Company property, including services of other employees, for his or her own advantage or benefit, or to use Company letterhead when writing personal correspondence.
- * *Related Party Business Dealing.* If there is any business relationship or proposed business transaction that the Company might have with any company in which a director, officer or employee, or a related party of any such person, has a direct or indirect interest, and from which such person might derive a benefit, or at which a related party is employed, and if such a relationship or transaction might give rise to the appearance of a conflict of interest, then the Compliance Officer should be consulted.

14. Company Opportunity

Directors and employees are prohibited from taking for themselves personally opportunities that are discovered through the use of corporate property, information, or position without the consent of the Board of Directors. No director or employee may use corporate property, information, or position for improper personal gain. Directors and employees have a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

15. Waivers of the Code of Business Conduct and Ethics

Any waiver of this Code for executive officers or directors may be made only by the Board of Directors and will be promptly disclosed as required by law or NYSE rules.

16. Personal Responsibility

It is essential that the Company ensures prompt and consistent action against violations of this Code. However, in some situations it is difficult to know right from wrong. Since directors, officers and employees cannot anticipate every situation that will arise, it is important to have guidelines on how to approach a new question or problem. These are the steps to keep in mind:

- Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.
- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? This will enable you to focus on the specific question you are faced with, and the alternatives you have. Use your judgment and common sense; if something seems unethical or improper, it probably is.
- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question, and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems.
- Seek help from Company resources. If you believe that it is not appropriate to discuss an issue with your supervisor, or you do not feel comfortable approaching your supervisor with your question, discuss it locally with the Compliance Officer.
- You may report ethical violations in confidence and without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected. The Company does not permit retaliation of any kind against employees for good faith reports of ethical violations.

- Always ask first, act later: If you are unsure of what to do in any situation, seek guidance before you act.

17. Reporting/Investigation Procedures

Any director, officer or employee who reasonably believes that there has been a material violation of this Code should report it immediately to the Compliance Officer or Roger Stone, Chairman. If the possible violation relates to questionable accounting, auditing, internal control or other matters described in Section 7 of this Code, the employee may submit an anonymous, confidential complaint as discussed in Section 17. The Chairman of the Audit Committee shall in any event be promptly advised of any allegation of a material violation of Section 7 of this Code. Upon receipt of a complaint, the Company or Audit Committee or other designee shall promptly investigate the matter.

Providing your name allows the Company to contact you if necessary during any investigation. The Company 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 Code, however, cannot be guaranteed because the very fact of conducting an investigation may lead employees or other persons to reach conclusions of their own. Anyone involved in an investigation under these procedures, whether as witnesses, participants in the performance of the investigation or otherwise, will be informed of their obligation to maintain confidentiality and may be asked to sign an acknowledgment of this obligation.

KapStone will not retaliate against any officer, director or employee who reports, causes to be reported, testifies, participates in or otherwise assists in any proceeding reported or about to be reported regarding any matter covered under this Code.

The Compliance Officer will send summaries of conversations, and will forward copies of written communications and transcripts of voice mail messages, containing reports to the Chairman of the Board of Directors and the Chairman of the Audit Committee, as appropriate under the circumstances. The Compliance Officer will provide periodic reports to both Chairmen. The Compliance Officer will retain copies of all complaints, investigative reports, summaries of reports and other records relating to complaints in accordance with the Company's records retention policy.

18. Procedures for Submitting Confidential, Anonymous Complaints Regarding Accounting, Auditing or Internal Control Matters

As an alternative to the procedures described in Section 17, any employee who reasonably believes that there has been a material violation of this Code relating to questionable accounting, auditing, internal control or other matters described in Section 7 of this Code may submit confidential, anonymous complaints in writing to the person listed below. Complaints must provide sufficient information so that a reasonable investigation can be conducted and may be made directly to:

Matthew Paull, Chair of the Audit Committee of the Company's Board of Directors;
Telephone No.: (847) 920-5413
Email Address: matthewpaull@mac.com

or such other individuals who are designated from time to time by the Board of Directors of KapStone.

The Company shall maintain a record of all complaints submitted under this Code alleging a violation accounting, auditing or internal control matters.

19. Consequences

If an investigation leads to a conclusion that a material violation of the Code has occurred, the Company will take appropriate corrective action, which may include removal from a position as director or officer and dismissal as an employee of the Company. Among other things, directors, officers and employees of the Company may be disciplined for:

- Committing, authorizing, or directing an illegal act.
- Failing to exercise proper compliance oversight or tolerating illegal conduct, if acting as a supervisor of another employee of the Company.
- Failing to report illegal business conduct of which he or she directly knows or observes.
- Discouraging another director, officer, or employee from reporting a violation of law or of this Code.
- Improperly disclosing the identity of a person who anonymously reports a violation of this Code.
- Retaliating or condoning retaliation against any director, officer, or employee of the Company who reports such a violation.

As examples, the following are not valid excuses for failing to comply with the law and/or this Code and, as such, will not avoid disciplinary measures under this Code:

- "A supervisor demanded that I do the illegal, unethical or improper act."
- "I thought the conduct was standard practice in our business."
- "It was a business necessity because it would have cost more to act properly."
- "I misinterpreted the law or this code and did not seek the advice of my supervisor."

The Company recognizes the potentially serious impact of a false accusation. Employees are expected as part of the ethical standards required by this Code to act responsibly in making complaints. Making a complaint without a good faith basis is itself an ethical violation. Any employee who makes a complaint in bad faith will be subject to appropriate corrective action, up to and including dismissal.



KAPSTONE®

Environmental Policy

KapStone Paper and Packaging Corporation

KapStone is committed to environmental performance which meets or exceeds standards established by all relevant environmental rules and regulations. KapStone strives to achieve environmental excellence and be recognized as a good neighbor by the communities in which we operate.

Our Commitment

- ❖ Each facility manager will certify quarterly to corporate management the mill's compliance status with all applicable environmental regulations and permit conditions.
- ❖ Each facility will integrate continual environmental improvement in pollution prevention and employee diligence into daily activities.
- ❖ Audits will be conducted to identify best practices as well as gaps in the environmental management systems and activities.
- ❖ Environmental incidents will be investigated to identify and eliminate their root cause.
- ❖ Each facility will communicate with employees, contractors, suppliers and visitors to ensure that they understand and support KapStone's requirements related to environmental excellence.

Patrick W. Ortiz
Director, Engineering, Environmental
& Safety
KapStone Mill Division

Jack Gillen
Director of Safety
KapStone Container Corporation

KAPSTONE PAPER AND PACKAGING CORPORATION

FINANCIAL ACCOUNTING AND APPROVAL OF LEASES POLICY

1.0 PURPOSE

The purpose of this Policy is to define the requirements for securing and recording leases in which KapStone Paper and Packaging Corporation or one of its subsidiaries ("KapStone") is the lessee.

2.0 SCOPE

This Policy applies to any employee or agent of KapStone who is responsible for the procurement, review, approval and accounting of leases.

3.0 LEASE POLICY

All leases to which KapStone is a party shall be accounted for in accordance with the provisions of FASB Accounting Standards Codification 840 "Accounting for Leases", (ASC 840) and the amendments and interpretations thereof.

Any specific questions or interpretations should be directed to Corporate Accounting.

4.0 RESPONSIBILITY

The Purchasing Manager or designee is responsible for obtaining the appropriate review and signature, per the Legal Department's "Contract Review and Signing Authority Policy", and the Controller is responsible for recording the lease in the ledger.

5.0 GUIDELINES

A. Determination

Under ASC 840 a lease is defined as an agreement conveying the right to use property, plant or equipment ("PPE") for a stated period of time. Any agreement under which KapStone is paying for the use of a third party's PPE is a lease.

B. Classification

A lease is classified as either a capital or an operating lease.

1.) 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 should be classified as a capital lease:

- a) The lease transfers ownership of the property to the lessee by the end of the lease term.
- b) The lease contains a bargain purchase option.
- c) The lease term is equal to at least 75% of the estimated economic life of the lease property.
- d) The present value of the minimum lease payments over the lease term is at least 90% of the fair value of the lease property.

All capital leases need to be reviewed by Corporate.

2.) Operating Lease

If a lease does not meet any of the above criteria, it should be classified as an operating lease.

C. Accounting

The information below is intended to be a general summary of the Financial Accounting Standards Board pronouncements related to accounting for leases.

1.) Capital Lease

An asset and a liability equal to the lessor of the fair value or present value at the beginning of the lease term should be recorded. The present value of the minimum lease payments should be calculated using KapStone's current cost of borrowing (obtain rate from the Treasury Department).

If the lease is classified as a) or b) above, the depreciable life should be consistent with the normal depreciation policy. If it is not, the depreciable life should be equal to the shorter of the estimated useful life or the lease term.

Lease payments should be allocated between the principal amount of the lease obligation and the interest thereon. The allocation process should produce a constant periodic interest rate on the remaining balance.

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 gain or loss.

2.) Operating Lease

Rental expense for an operating lease should be recognized on a straight-line basis over the lease term.

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 the 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. Contact Corporate Accounting for additional guidance.

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.

D. Records

In addition to keeping a copy of the lease locally, it is the responsibility of the general manager to forward an electronic signed copy of leases once finalized to the following department:

- Real Estate Leases – Legal Department
- Equipment Leases ⁽¹⁾ – Treasury Department

(1) Small office equipment leases that are not material in nature; i.e. copy machines, postage machines, faxes, and a like do not need to be sent to treasury department but should be maintained on-site.

Title: _____ ID#: _____

Destination: _____
Facility or customer location being visited.

Business Class: _____ First Class: _____

Air Fare: _____ S&A/ICC#: _____

Any cancellation penalty? (circle one) Yes No Amount: _____

Date Travel Booked: ____/____/____

Departure Date: ____/____/____ Time: _____ Airport: _____

Return Date: ____/____/____ Time: _____ Airport: _____
(use estimate if exact time is unknown)

APPROVED: _____

Chairman and CEO Date _____
(First Class Only)

Executive Vice President, Senior Vice Date _____
President or Chief Financial Officer
(Business Class Only)

Print Name _____

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Contact Webmaster

MASTER SERVICES AGREEMENT

Parties	KapStone Charleston Kraft LLC ("KapStone")	Safway Services, LLC ("Supplier")
Addresses	1101 Skokie Boulevard – Suite 300 Northbrook, IL 60062	7377 Peppermill Lane North Charleston, SC 29418
Representative and Contact Information	Name: Brian Zehner Phone: 843-745-3429 FAX: 843-745-3182 Email: brian.zehner@kapstonepaper.com	Name: Bill Johnson Phone: 704-921-8820 FAX: 704-921-8823 Email: bill.johnson@safway.com
Effective Date	May 1, 2014	Agreement No:
Supplier's Information	JDE No: (if applicable)	Tax ID No: 27-128199d

THE PARTIES AGREE AS FOLLOWS:

1. Engagement.

- 1.1 Subject to all of the terms and conditions set forth in this Master Services Agreement ("Agreement"), Supplier will provide the labor and incidental materials as set forth in a writing executed by authorized representatives of KapStone and Supplier (each a "Scope of Work"), and Supplier accepts such engagements and agrees to perform such Scopes of Work, as may be mutually agreed to by KapStone and Supplier.
- 1.2 KapStone shall issue its separate Purchase Order to Supplier for all or part of a Scope of Work. All Purchase Orders and Scopes of Work shall incorporate this Agreement into itself by reference, and KapStone's standard Purchase Order Terms and Conditions shall not supplement or amend this Agreement.
- 1.3 Any deviation from or modification to a Statement of Work or Purchase Order must be agreed to by KapStone and Supplier in a writing signed by authorized representatives of both KapStone and Supplier. In the event of any conflict or inconsistency between the provisions on the face of a Purchase Order, Statement of Work or the provisions of this Agreement, the governing order of precedence shall be: (i) Purchase Order (not including KapStone's standard Purchase Order Terms and Conditions), (ii) Statement of Work; and then (iii) this Agreement, with respect to the interpretation of that Statement of Work.

2. Term.

- 2.1 The terms and conditions set forth in this Agreement shall continue for three years unless earlier terminated in accordance with Section 16 ("Termination") or extended by the mutual written agreement between both parties.
- 2.2 Supplier shall begin performing the individual Scopes of Work on or before the date specified to begin work in the Purchase Order or Scope of Work document and shall diligently prosecute the Scope of Work to completion unless earlier terminated or unless extended by the specific written agreement of the parties.

3. Compensation.

3.1. Scope of Work. Supplier's sole compensation and the schedule for the payment thereof for the Scope of Works to be provided under this Agreement shall be as specified per the rates or fees contained in Exhibit A attached hereto or in each individually issued KapStone Purchase Order, as applicable. This compensation shall be the sole remuneration paid to Supplier under the Agreement and all other claims of (including but not limited to) quantum meruit, implied contract, estoppels or similar equitable claims are hereby waived.

3.2. Liens. Supplier waives any right it might now or hereafter have under applicable law to claim a mechanics, construction or other type lien or any security interest under the Uniform Commercial Code or otherwise against KapStone's property on account of the Scope of Work to be performed under this Agreement, and Supplier covenants to KapStone that Supplier's contracts with its suppliers and subcontractors relating to the Scope of Work shall require them to also waive their right to claim such a lien or security interest. Supplier shall indemnify and save KapStone harmless from all such claims of lien or security interest. In the event such a claim of lien or security interest is filed or threatened, KapStone may, in addition to any other legal or equitable remedy available to it, withhold payment of compensation otherwise payable to Supplier until it submits proof reasonably satisfactory to KapStone that the lien or security interest has been released or KapStone may discharge the claim of lien or security interest. In the latter event, all monies paid and attorney fees and other costs reasonably incurred by KapStone in discharging such claim of lien or security interest, together with interest thereon at the statutory rate, shall, at KapStone's option, either be (i) offset against sums otherwise payable to Supplier under this Agreement or (ii) promptly reimbursed by Supplier to KapStone.

4. Independent Contractor Status.

4.1 Supplier warrants and represents to KapStone that Supplier is acting solely as an independent contractor and has the full right and authority to enter into this Agreement and to perform all of Supplier's obligations hereunder on such basis. Supplier acknowledges and agrees that no employment or other similar relationship is established hereby between KapStone and Supplier (or any of Supplier's employees) and that Supplier shall be solely responsible for the payment of all tax withholdings, workers compensation, unemployment compensation and social security withholdings with respect to Supplier's employees and agents, without contribution from KapStone. Nothing in this Agreement is intended nor shall it be construed to create a partnership or a joint venture relationship between KapStone and Supplier. Supplier shall have no express, apparent or implied authority to incur any financial or legal obligation or liability on behalf of or binding upon KapStone.

4.2 KapStone shall have no control over or charge of and will not be responsible for construction means, methods, techniques, sequences or procedures, or for safety precautions and programs in connection with the Scope of Work, since these are solely Supplier's responsibility under this Agreement. Notwithstanding the foregoing, KapStone reserves the right (i) to establish Supplier's working hours, including the right to limit Supplier's access to KapStone's mill or plant, to the mill or plant's ordinary business hours, and (ii) to preapprove all of Supplier's employees and subcontractors before they enter KapStone premises and revoke the same at any time, in KapStone's sole discretion. Further, KapStone has the right at any time (prior to and after assignment to KapStone's Scope of Work) and for any reason to reject or to have Supplier remove Supplier's employees from performing the Scope of Work under this Agreement upon notice to Supplier. Upon such notice, Supplier shall, at KapStone's request, replace the Supplier employee(s). In the event of any staffing change, KapStone shall not be charged for the time required to train the replacement. The amount of noncompensatory training time, if any, shall be mutually determined by Supplier and KapStone's Representative.

5. KapStone's Representative.

KapStone may from time-to-time designate an authorized representative (the "Representative") to provide administration of the performance of this Agreement during the performance of the Scope of Work. The Representative shall have authority to act as liaison between KapStone and Supplier; to make decisions on behalf of KapStone and/or to make decisions of KapStone known to Supplier. If a Representative is designated, all communications and notices required to be made by Supplier to KapStone pursuant to this Agreement shall be delivered to the Representative.

6. Safety; Environment.

- 6.1 The Scope of Work shall be performed by Supplier, its suppliers and subcontractors subject to and in accordance with the applicable mill or plant security rules and general safety rules in effect from time to time during the performance of the Scope of Work (the "Facility Rules"). Supplier has the affirmative duty to secure copies of and to familiarize itself, its suppliers and subcontractors with the Facility Rules applicable to the Scope of Work even if copies of the Facility Rules are not attached to or do not otherwise accompany this Agreement. Supplier acknowledges that it alone has the responsibility to supervise, control and enforce all applicable work and safety rules as to its own employees, suppliers and subcontractors and that the Facility Rules establish only a minimum level of acceptable conduct.
- 6.2 In the performance of the Scope of Work, Supplier shall determine and be solely responsible for complying with Supplier's best industry standards and all applicable federal, state and local laws relating to occupational safety and health (collectively, "OSHA") and to the protection of the environment.
- 6.3 Supplier shall not allow any employee of Supplier, a supplier or a subcontractor to perform any of the Scope of Work without first holding appropriate safety orientations, including any required by OSHA or that would be prudent or appropriate due to the hazards specific to KapStone's affected mill or plant. In the event any unsafe condition or practice is detected by Supplier, its suppliers or subcontractors, Supplier shall take immediate action to stop work and correct the situation. Supplier's neglect or refusal to take immediate corrective action in such circumstance shall be deemed a material breach of this Agreement.
- 6.4 Supplier shall coordinate and cooperate in good faith with the managers of KapStone's affected mill or plant to keep disruptions to and interferences with mill or plant operations to an absolute minimum.
- 6.5 Supplier shall not bring onto the affected mill or plant any hazardous materials, waste, rubbish or surplus materials without the express consent of KapStone. Without limiting the foregoing, Supplier shall, no later than the date any goods are delivered to KapStone's mill or plant, provide KapStone with all required warnings and safety information pertaining to the goods, including but not limited to a Material Safety Data Sheet for any goods which are covered by the OSHA Hazard Communications Standard as contained in 29 C.F.R. § 1910.1200 or subsequent corresponding law.
- 6.6 Supplier shall at all times during the performance of the Scope of Work keep the site where the Scope of Work is being performed free from accumulations of waste, rubbish or surplus materials caused by the performance of the Scope of Work.

7. Indemnification.

- 7.1 Supplier shall indemnify and hold KapStone, its affiliates, and its or their respective officers, employees, representatives, agents, successors, and assigns ("KapStone Indemnitees") harmless

from any and all actions, claims, costs, expenses (including attorney's fees, whether in-house or hired), losses, liabilities, injuries (including death), damages, penalties, obligations, judgments, fines, consequences of orders or decrees, or suits for the enforcement of any of the foregoing, of any kind or nature to the extent caused by Supplier's breach of this Agreement or the actual or alleged tortious or improper conduct of Supplier or that of its employees, agents, suppliers, subcontractors or such other persons operating through or under Supplier, all with respect to any activity to the extent caused by the aforementioned parties' actions to the fullest extent permitted by law. This indemnity shall be extended notwithstanding that a KapStone Indemnitee may be a participant in the activity giving rise to such liability, loss or claim.

7.2 Notwithstanding the foregoing, Supplier's duty to indemnify KapStone Indemnitees shall not apply to liability or damages arising out of bodily injury (including death) to persons, or damage to property, to the extent caused by, or resulting from, the negligence of a KapStone Indemnitee. Further, to the extent that the foregoing indemnification provision could be construed to require Supplier to indemnify KapStone against KapStone's own negligence or the concurrent negligence of Supplier and KapStone and under such construction all or part of the foregoing indemnification provision would be void and unenforceable under the circumstances of this Agreement, the parties expressly confirm that they intend for the indemnification provision to be construed so that it is valid and enforceable up to, but not beyond the fullest extent permitted by applicable law.

7.3 SUPPLIER ACKNOWLEDGES THAT THE FOREGOING PROVISIONS OF THIS AGREEMENT REQUIRE IT TO INDEMNIFY KAPSTONE AGAINST CERTAIN CLAIMS MADE AGAINST KAPSTONE BY EMPLOYEES OF SUPPLIER OR ITS SUBCONTRACTORS, SUPPLIERS OR AGENTS (SO-CALLED "THIRD PARTY" CLAIMS). TO THAT END, SUPPLIER HEREBY EXPRESSLY WAIVES ANY AND ALL IMMUNITIES AS WOULD OTHERWISE BE ENJOYED BY SUPPLIER UNDER THE PROVISIONS OF ANY APPLICABLE LAW (IN WASHINGTON, RCW TITLE 51 -- THE STATE OF WASHINGTON'S INDUSTRIAL INSURANCE, A/K/A WORKERS' COMPENSATION) OR AS THE SAME MAY BE HEREAFTER AMENDED. THIS WAIVER OF IMMUNITIES IS NOT INTENDED TO WAIVE SUPPLIER'S IMMUNITIES FOR CLAIMS BROUGHT BY ITS OWN EMPLOYEES DIRECTLY AND SOLELY AGAINST SUPPLIER. SUPPLIER ACKNOWLEDGES THAT THE WAIVER OF IMMUNITY DESCRIBED HEREIN WAS SEPARATELY NEGOTIATED AND MUTUALLY AGREED UPON BY SUPPLIER AND KAPSTONE.

Supplier: BES

INITIALS OF THE PARTIES

KapStone: _____

7.4 Contractor agrees to indemnify and hold KapStone Indemnitees harmless against all damages, losses, claims, liabilities and expenses (including reasonable attorneys fees, settlements and judgments) arising out of any claim that the Scope of Work, materials provided, or their use infringe a copyright, patent, trademark or other intellectual property right of any third party. In addition, if Supplier becomes aware of or is subject to a claim that the materials provided under this Agreement infringe the patent, design, copyright or other intellectual property right of a third party, Supplier may at its sole discretion, (a) choose to modify the materials so as to avoid the infringement; (b) replace the materials with non-infringing materials at its own cost; or (c) secure for KapStone the perpetual right to use the materials; in each case provided that the modified or replacement materials are of the same quality and meet the criteria of this Agreement and the applicable Scope of Work. If Supplier determines that it cannot reasonably modify, replace, or secure the materials as contemplated above, Supplier shall refund the amounts paid by KapStone for the applicable portion of the Scope of Work and materials.

7.5 Supplier shall have a duty to defend all claims, suits and related litigation described above, and Supplier shall pay to KapStone, when incurred by KapStone, all of KapStone's personnel-related costs, reasonable attorney's fees, and similar ancillary costs associated with the investigation and defense of the loss or claim, together with all court costs and other claim-related expenses.

8. Insurance.

8.1 Supplier shall, at its own expense, procure and maintain in full force and effect during the performance of the Scope of Work and for any additional periods specified in the insurance provision exhibit hereinafter identified, through companies and agencies satisfactory to KapStone and in such specific forms as shall be reasonably required by KapStone, the insurance listed on Exhibit B. Supplier has the affirmative duty to determine and secure a copy of the insurance provision applicable to its Scope of Work under this Agreement from KapStone's main office, even if a copy of that provision is not attached to or does not otherwise accompany this Agreement.

8.2 Supplier warrants to KapStone that Supplier has the aforesaid insurance coverage in effect and shall provide KapStone with certificates or endorsements, as required by the attached exhibit, evidencing the aforesaid insurance coverages before commencing the Scope of Work. Supplier endeavors to provide KapStone with at least 30 days' prior written notice before cancellation, termination, or modification of any and all insurance coverage required by this Agreement.

8.3 Each subcontractor employed by Supplier in the performance of the Scope of Work must be covered by insurance of the same character and in the same amounts as Supplier, unless KapStone and Supplier mutually agree that reduced coverage is adequate due to the nature of the particular subcontract work. Supplier shall provide KapStone with certificates of insurance from each of its subcontractors before their work commences.

8.4 Supplier waives all rights and claims against KapStone and any of KapStone's agents and employees for damages caused by perils that are or could be covered by the insurance required by this Agreement. Supplier shall require, as a condition to working on the Project, similar written waivers from all its subcontractors and sub-subcontractors.

9. Disputes.

9.1 The parties' respective rights and obligations relating to this Agreement shall be determined and enforced in accordance with and shall be governed by the laws of the State of Illinois.

9.2 Any claim arising out of or relating to this Agreement in which the disputed amount is less than two million dollars shall be resolved by a single arbitrator in accordance with the then effective arbitration rules of the American Arbitration Association ("AAA"). Judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof. Any arbitration proceeding shall be conducted in the State in which the Project is located unless the parties mutually agree upon another locale. Either party may propose mediation whenever appropriate through AAA or any other mediation process or mediator as the parties may agree upon.

9.3 The parties' obligation to resolve disputes by arbitration pursuant to the foregoing provision shall not be a bar or impediment to either party asserting and prosecuting a claim against the other for contribution and common law and contractual indemnity in any lawsuit involving other parties.

10. Assignment of Rights; Delegation; Subcontracting.

10.1 Assignment. The rights and obligations of each party under this Agreement are personal to that party and may not be delegated, assigned or transferred to any other person, firm, corporation, or other entity without the prior, express and written consent of the other party; provided, however,

that KapStone may, without written consent, assign or otherwise transfer its rights or obligations hereunder to any parent, subsidiary or affiliated company of KapStone or to any purchaser of the business of KapStone. This clause shall not be construed to prohibit Supplier from subcontracting portions of the Scope of Work as herein below provided.

- 10.2 Subcontracting. Supplier shall disclose to KapStone the names of all subcontractors or other persons with whom Supplier intends to subcontract in connection with the performance of the Scope of Work. Supplier may not engage any other Supplier to perform any portion of the Scope of Work without the express written consent of KapStone. Supplier shall be fully responsible to KapStone for all acts and omissions of the subcontractors and suppliers performing or furnishing any of the Scope of Work under a direct or indirect contract with Supplier to the same extent as Supplier is responsible to KapStone for Supplier's own acts and omissions. Nothing in this Agreement shall create any contractual relationship between KapStone and any such subcontractor or supplier, nor create any obligation on the part of KapStone to pay or to see to the payment of any moneys due any such subcontractor or supplier. Supplier's duty to indemnify KapStone pursuant to this Agreement includes, without limitation, the duty to indemnify, defend and save and hold KapStone harmless from and against all claims made by any subcontractor or supplier engaged by Supplier for compensation allegedly due on account of performing or furnishing any of the Scope of Work, regardless of the legal or equitable theory or theories in which such claims may be couched. All of the Scope of Work performed for Supplier by a subcontractor shall be pursuant to an appropriate written agreement between Supplier and the subcontractor which specifically binds the subcontractor to the applicable terms and conditions of this Agreement for the benefit of KapStone.

11. Warranties; Corrections.

- 11.1 Supplier represents to KapStone that Supplier is duly registered and licensed by the state in which the Scope of Work is to be performed if such registration and licensing is required by law, that it maintains all insurance and bonds required by law of Suppliers performing such Scope of Work, that it shall at all times during the performance of this Agreement maintain all registrations, licenses, insurance and bonds required by law, and that the Scope of Work shall be supplied and performed in compliance with all applicable federal, state and local laws, orders, rules and regulations. Unless otherwise expressly agreed, Supplier shall obtain, on behalf of KapStone and at KapStone's cost, all building and environmental permits required by governmental agencies for performance of the Scope of Work (including permits and fees for disposal of waste).
- 11.2 Unless otherwise specified on KapStone's Purchase Order or in a mutually agreed upon Scope of Work, all materials furnished under this Agreement will be new, of good quality and will comply with this Agreement. All materials furnished by Supplier shall be deemed Supplier's property and shall remain the sole responsibility of Supplier until incorporated into KapStone's mill or plant. Materials lost, stolen or damaged while in the possession of Supplier shall be replaced or repaired at no cost to KapStone. Title to all the materials and goods, if any, delivered pursuant to the Scope of Work, as completed and of all materials incorporated into KapStone's mill or plant shall belong to KapStone.
- 11.3 Supplier warrants that the completed Scope of Work shall be: (a) of first-class quality and workmanship; (b) free from faults and defects; (c) in conformance with this Agreement; and (d) performed to the full satisfaction of KapStone. IN ADDITION, ALL GOODS SUPPLIED TO KAPSTONE UNDER THIS AGREEMENT SHALL BE MERCHANTABLE, FREE FROM DEFECTS, FIT FOR THEIR INTENDED USE AND WILL CONFORM TO KAPSTONE'S SPECIFICATIONS AND TO APPLICABLE OPERATING AND MAINTENANCE MANUALS, TECHNICAL PUBLICATIONS, PRINTS, DRAWINGS,

TRAINING MANUALS, RESPONSES TO REQUESTS FOR INFORMATION AND OTHER SIMILAR SUPPORTING DOCUMENTATION AND SALES LITERATURE PROVIDED BY SUPPLIER. Latent defects, omissions or commissions constituting a breach of the foregoing warranty which are not easily discoverable shall not to be deemed waived by KapStone's acceptance of the labor and materials, and Supplier's said warranty shall extend to the time of discovery of such breach notwithstanding any prior inspection by KapStone. If in the reasonable judgment of KapStone, the Scope of Work or any portion thereof has not been properly done or if the incidental goods are defective in any way, the Scope of Work shall be redone and the defective goods shall be replaced in a manner reasonably satisfactory to KapStone at Supplier's sole cost.

11.4 Without limiting KapStone's other rights and remedies and without establishing a period of limitation with respect to other obligations which Supplier may have, Supplier shall remedy any defects in the completed Scope of Work due to faulty workmanship or materials supplied by Supplier (including its subcontractors and suppliers) and shall pay for any damage resulting therefrom, which may appear within a period of two years from the date of final completion of the Scope of Work. KapStone shall give Supplier written notice of observed defects with reasonable promptness.

11.5 Supplier shall provide KapStone with all written manufacturer warranties of goods furnished to KapStone as part of the Scope of Work. If necessary or proper to assure that KapStone shall have the full benefit of such warranties, Supplier shall expressly assign the warranties to KapStone.

12. Records and Auditing.

Supplier shall maintain records and accounting procedures sufficient to support invoices consistent with generally accepted accounting principles. Upon at least 48 hours notice, KapStone may audit Supplier's records pertaining to the performance of this Agreement during normal business hours. Supplier shall preserve and make available such records for two years following the final payment made by KapStone hereunder.

13. Force Majeure.

Supplier acknowledges that time is of the essence in its performance. However, neither party will be liable to the other for damages for failure to carry out this Agreement in whole or in part when the failure is due to acts of God, strikes, lockouts, fires, other natural disasters, freight embargoes, governmental or administrative prohibitions, riots, and acts of public enemies, or the closure or temporary shutdown of a Site not due to Supplier's activities (or omissions) on the Site (a "Force Majeure Event"). A party affected by such an event will immediately notify the other, describing the event and estimating its duration. The parties will cooperate in good faith to mitigate the effects of the event.

14. Default.

A party will be in default under this Agreement upon any of the following events: (i) The party fails to cure a breach (including not timely paying an undisputed invoice) within ten business days following written notice thereof; or (ii) The party becomes insolvent, makes an assignment for the benefit of its creditors, or any proceeding relating to bankruptcy, insolvency, or reorganization is filed by or initiated against it and such proceeding is not dismissed within 30 days.

15. Remedies.

In addition to all other remedies available to the parties at law or in equity in the event of a default, the following remedies are available to the parties, all of which remedies are cumulative

and may be exercised singularly or concurrently: (i) If Supplier is unable to perform its obligations under this Agreement in a timely fashion, even if due to a Force Majeure Event, KapStone may seek alternative performance from another party without penalty, and if the inability is not due to a Force Majeure Event, charge Supplier for all commercially reasonable additional costs and expenses incurred to obtain said alternatives; and (ii) in the event of default, the non-defaulting party may terminate this Agreement by written notice to the defaulting party, effective immediately, without liability to the defaulting party and without affecting any rights or obligations accrued or owed prior to the effective date of termination.

16. Termination.

16.1 KapStone reserves the right to immediately terminate this Agreement and/or any Purchase Order or Scope of Work at any time for cause, which may include, but not be limited to, Supplier's neglect, misconduct, fraud, misappropriation, embezzlement, violation of any of KapStone's mill or plant rules or violation of any of the provisions of this Agreement.

16.2 KapStone, in its absolute discretion, by not less than two (2) days' written notice to Supplier, may at any time terminate this Agreement and/or any Purchase Order or Scope of Work for convenience. Upon receipt of such notice of termination, Supplier and its subcontractors shall immediately discontinue all work in progress under the applicable Purchase Order and/or Scope(s) of Work which can be discontinued without creating a hazardous condition and cancel all outstanding commitments for labor, materials, equipment and apparatus which may be canceled without undue cost. Subject to compliance with the above and any other applicable provisions of this Agreement, KapStone shall pay to Supplier, in full satisfaction and discharge of all amounts owing to Supplier under the applicable Purchase Order and/or Scope(s) of Work, a sum equal to: (i) the amount due under the applicable Purchase Order and/or Scope(s) of Work for all work services actually completed at the time of termination less all prior payments therefor; plus (ii) a termination fee equal to the profit Supplier establishes to KapStone's reasonable satisfaction Supplier would have earned on the portion of the work and services it was not allowed to complete. Upon payment of such sum, KapStone shall have no further liability to Supplier under this Agreement and/or the relevant Purchase Order or Scope(s) of Work, as applicable.

17. Confidential Information.

Supplier acknowledges that it has and will continue to receive confidential and proprietary information from KapStone under this Agreement, regardless of whether such information is marked or identified as confidential, including products, source code, technology, specifications, manufacturing methods, data-collection methods, know-how, business or marketing plans, trade secrets, or business relationships ("Confidential Information"). KapStone may disclose Confidential Information either in documentary form (including, without limitation, traditional tangible media such as written documents, photographs and drawings, and intangible media such as diskettes and other magnetic or electronic data), or orally or visually or in other non-documentary form (including, without limitation, presentations, displays or inspections of writings, designs, drawings, photographs, models, prototypes, samples or facilities). Because the unauthorized disclosure of Confidential Information would result in serious harm to KapStone, Supplier must only use Confidential Information to perform its obligations under this Agreement. Supplier may disclose confidential information to third parties who require the information to perform under this Agreement, but only with the prior written approval of KapStone, and only if such third parties are legally bound by obligations of confidentiality at least as stringent as this Section 17. Supplier must protect Confidential Information in the same way it protect its own confidential information of like nature, but in no circumstances with less than reasonable care. All Confidential Information remains the exclusive intellectual property of

KapStone. The restrictions and obligations of this section do not apply to (1) information that is already publicly known at the time of its disclosure; (2) information that, through no fault of the Supplier, becomes publicly known after its disclosure; (3) information that the Supplier, its employees, subcontractors, representatives or agents can document with written evidence it developed independently without reliance on or use of KapStone's information; and (4) a disclosure compelled by law, but only to the extent legally required and after prompt written notice to the disclosing party so that it may seek a protective order. Upon termination of this Agreement, Supplier shall promptly give KapStone all information described above previously given by KapStone or any party to Supplier. The rights and obligations set forth in this Section 17 shall survive for ten (10) years after completion and/or termination of this Agreement, except for trade secrets where the obligations shall continue indefinitely.

18. Compliance with Laws.

Supplier shall comply with all applicable federal, state, and local laws, regulations, rules and orders, including those dealing with slavery, human trafficking, child welfare, equal employment opportunity and the protection of the environment. Therefore, during its performance under this Agreement, unless exempt, Supplier agrees to abide by the provisions of the following as applicable, which are incorporated herein by reference: 29 C.F.R. 470, 29 C.F.R. Part 471, 41 C.F.R. 60-1.4(a), 60-300.5(a), 60-300.44, 60-741.5(a), Executive Orders 11246 and 13465, and Appendix A to Subpart A of Executive Order 13496. This contractor and subcontractor shall abide by the requirements of 41 CFR 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities. This contractor and subcontractor shall abide by the requirements of 41 CFR 60-300.5(a). This regulation prohibits discrimination against qualified protected veterans and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans. Supplier certifies its work under this Order complies with §§ 6, 7 & 12 of the Fair Labor Standards Act and related U.S. Dept. of Labor regulations. If Supplier provides any product incorporating wood, plants, or derivatives thereof, Supplier complies with the Lacey Act, 16 U.S.C. 3371 et seq. Supplier agrees to certify and re-certify compliance with this section from time to time as any party enforcing the laws may require of KapStone or Supplier.

19. General Conditions.

19.1 This Agreement shall bind and inure to the benefit of KapStone and Supplier and their respective successors and permitted assigns.

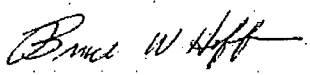
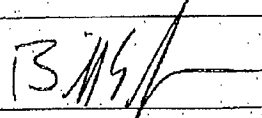
19.2 All written notices by one party to the other asserting a breach of or otherwise exercising a right under this Agreement shall be in writing and sent to the receiving party at the address specified thereof in the opening caption of this Agreement or to such other addresses as the receiving party may have designated in writing to the other. The foregoing notices shall be personally delivered; sent by overnight carrier; or by certified or registered mail, postage prepaid. Any notice personally delivered shall be deemed effective when delivered. Any notice sent by overnight carrier or mailed will be deemed effective the second day after (i) being placed in the hands of the carrier or (ii) mailing. All other regular business communications between the parties under this Agreement shall be in writing whenever possible, but may also be sent by e-mail, fax or regular mail.

19.3 The parties acknowledge that the transaction evidenced by this Agreement is neither for the purchase of KapStone's requirements nor for the sale of Supplier's output.

- 19.4 Any waiver of strict compliance with any of the provisions of this Agreement shall not be deemed a waiver of any other provisions not so waived or of KapStone's right to insist on strict compliance thereafter.
- 19.5 The provisions of this Agreement are severable, and, in the event any is held to be enforceable, the remaining provisions will continue in full force and effect.
- 19.6 All exhibits mentioned herein are incorporated by reference as if fully set forth in the text of this Agreement.
- 19.7 This Agreement (including its Exhibits) contains all of the covenants, provisions, agreements, conditions and understandings between Supplier and KapStone relating to the Scope of Work.
- 19.8 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and of which taken together shall constitute but a single instrument. Facsimile execution of this Agreement shall be legal, valid and binding execution and delivery of this Agreement.
- 19.9 Set off. Any payment due Supplier under this Agreement may, at KapStone's option be applied by KapStone to offset any sum which Supplier may owe Company or to any subsidiary or affiliate of KapStone.
- 19.10 Survival. The rights and obligations set forth in Sections 3.2 (Liens), 4 (Independent Contractor Status), 5 (KapStone's Representative), 6 (Safety; Environment), 7 (Indemnification), 8 (Insurance), 9 (Disputes), 10.2 (Subcontracting), 11 (Warranties; Corrections), 12 (Records and Auditing), 15 (Remedies), 17 (Confidential Information), 18 (Compliance with Laws), 19.8 (Counterparts), 19.9 (Set off), and 19.10 (Survival) shall survive the completion of the Project and termination of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first stated above.

Agreed to by:

Party	KapStone Charleston Kraft LLC ("KapStone")	Safway Services, LLC "Supplier"
Signature		
Print	BRUCE W. HOFFMAN	Bill Johnson
Title	VICE PRESIDENT EASTERN MILLS SYSTEM	Branch Manager

Exhibits

EXHIBIT A	SCOPE OF WORK
EXHIBIT B	INSURANCE REQUIREMENTS
EXHIBIT C	SECURITY AND SAFETY RULES

EXHIBIT A
SCOPE OF WORK



KAPSTONE CHARLESTON KRAFT LLC

P.O. Box 118005 Charleston, SC 29423-8005
843.745.3000

March 20, 2014

Safway Services, LLC
7377 Peppermill Lane
North Charleston, SC 29418
Attn: Bill Johnson

Exhibit A – Scope of Services

This Scope of Services incorporates the terms of the Master Services Agreement between KapStone Charleston Kraft LLC and Safway Services, LLC dated March 20, 2014 ("Agreement") as though specifically set forth herein.

All Inclusive Rates-Scaffolding

4 Man All-Inclusive Rate: Includes one supervisor (competent), one lead builder (competent) and two helpers each working 40 hours per week. This rate also includes equipment rental and associated hard costs. Equipment and hard costs included in this rate are as follows: All standard scaffolding, Frame & Brace, Tube & Clamp & Systems Type. Does not include any motorized or specialized products for example, Swing Stages, Material Hoists and Elevators, Quick Deck, Haki. Hard costs will include, PPE (Hardhats, Safety Glasses/Goggles, Gloves, Steel Toe Boots, Dust Masks, Hearing Protection, Reflective Vest/Clothing), small tools, nails and #9 wire. Total cost of \$20,453 a month

6 Man All-Inclusive Rate: Includes one supervisor (competent), one lead builder (competent) and four helpers each working 40 hours per week. This rate also includes equipment rental and associated hard costs. Equipment and hard costs included in this rate are as follow: All standard scaffolding, Frame & Brace, Tube & Clamp & Systems Type. Does not include any motorized or specialized products for example, Swing Stages, Material Hoists and Elevators, Quick Deck, Haki. Hard costs will include, PPE (Hardhats, Safety Glasses/Goggles, Gloves, Steel Toe Boots, Dust Masks), small tools, nails and #9 wire. Total cost of \$31,376 a month

Above prices include 100% coverage 5 days a week, 52 weeks a year, except Safway holiday's. Holiday's are as follows: Typically, New Year's Day, Good Friday, Memorial Day, July 4th, Labor Day, 2 Days for Thanksgiving, 2 Days for Christmas

If any overtime is required it will be billed out @ \$40.00 per hour.

If more men are requested on top of the 4 or 6 men, they will be billed out @ \$31.00 per hour straight time and \$40.00 per hour overtime.



KAPSTONE CHARLESTON KRAFT LLC

P.O. Box 116005 Charleston, SC 29422-6005
843.745.3000

Overtime is anything over 8 hours a day, emergency call outs, weekends, and Safway holidays. Overtime will be billed once per month on a separate PO number.

Additional hard costs will be billed at cost +7%. Additional hard costs include: forklifts, wood products, specialty safety items, freight costs, and anything else purchased for the site except PPE.

Safway will provide enough Scaffolding onsite to cover all scaffold needs. If additional material is needed, it will be delivered the same day from Safway's facility located 20 minutes from KapStone.

KapStone will provide an adequately sized fenced in staging area for Safway's material and jobsite conex/trailer. 100'x100' would work best, but a 50'x100' will suffice.

Safway will provide our STS tracking system.

Safway will be available for all emergency call outs. Response time will be 2 hours or less, 24 hours a day, 7 days a week.

Safway will provide someone to inspect and recertify all active scaffolds daily. This person will be part of the 4 or 6 man onsite crew.

All Scaffolds, except where not feasible, will have installed swing gates, handrails, mid-rails, toe-boards and access ladders.

Inspections will be posted on green, yellow or red weatherproof scaffold tags.

Safway will always continue to seek out and implement best practices in the industry.

Safway, under direction of Kapstone personnel, will dismantle/remove all scaffolds and platforms already in place at the time this agreement is made. This will be done with the 4 or 6 man onsite crew.

Initially, meetings will be held on a monthly basis to discuss performance and review any outstanding issues. Once the majority of the start-up issues have been resolved, these meetings will be held on a quarterly basis.

In addition to Safway's safety obligations under the Agreement, Safway will keep current and be in compliance with all regulatory requirements regarding training of its employees and rules and regulations relating to erecting, dismantling, and moving scaffolding.



KAPSTONE CHARLESTON CRAFT LLC

P.O. Box 118005 Charleston, SC 29423-8005
843.745.3000

Important Safety Guidelines

Safety is everyone's responsibility. Safway equipment is designed and manufactured with the user in mind. The care that goes into each piece of equipment, however, cannot offset carelessness on the part of the user. Follow these safety guidelines in order to help prevent injury and to reduce unnecessary risk.

1. **Competent Person.** Scaffold must be erected, used, moved, and disassembled only under the direction of a Competent Person. The customer is responsible for following any and all applicable federal and state occupational safety and health laws, rules, regulations and ordinances in addition to applicable city, county or local codes and specific rules with regard to Competent Person and inspection requirements for scaffolds.

2. **Modification.** Any modification or relocation of scaffolding equipment and its components by the customer, contractor or any subcontractor using the scaffold is done solely at the customer's risk and should be in compliance with and according to any and all federal and/or state occupational safety and health laws, rules, and regulations, in addition to applicable city, county, or local codes. The equipment shall only be used for the purposes for which it was designed.

3. **Training.** The customer is responsible for providing any and all required scaffolding training for its employees and any other users of scaffolding equipment, other than the employees of Safway and any Safway subcontractor.

4. **Hazardous Materials.** Please notify Safway of the potential for exposure of either Safway employees or Safway equipment to any hazardous materials including, but not limited to, asbestos, lead, arsenic, chemicals, and flammable materials. Safway and/or the customer may be required to perform industrial hygiene monitoring to measure potential exposure to such materials.

5. **Confined Space.** Please notify Safway if any Safway employees will be working in a confined space and inform Safway whether the confined space is permit-required. According to federal and state occupational safety and health laws, the customer is responsible for providing any and all required confined space training for its employees and any other users of scaffolding equipment in the confined space, other than the employees of Safway and any Safway subcontractor.

6. **Lock-out/Tag-out.** According to federal and state occupational safety and health laws, the customer is responsible for ensuring that all mechanical equipment, electrical circuits, or vessels containing chemicals or pressurized fluids which are located in the immediate vicinity of the work areas are de-energized or rendered inoperative prior to work, and that proper tags and/or locks are attached to all points where such equipment can be energized.

7. **Special Equipment.** Please notify Safway if any specialized equipment including, but not limited to, special tools, lighting, or protective equipment is required for this project prior to Safway's



KAPSTONE CHARLESTON KRAFT LLC

P.O. Box 118005 Charleston, SC 29423-8005
843.745.3000

commencement of work on the project.

8. Accident Notification. Please notify Safway immediately of any accident involving the equipment and/or any accident causing injury, death or property damage that is related to or is alleged to be related to and/or caused by the equipment in any way.

Understanding and following these safety guidelines will improve safety for all workers on the jobsite. If there are any questions regarding these provisions, or if you need assistance in obtaining additional training for your employees, please contact a Safway representative immediately.

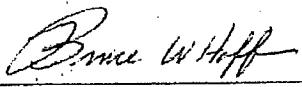
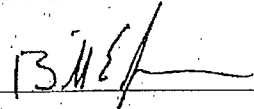
Party	KapStone Charleston Kraft LLC	Safway Services, LLC
Signature		
Print	BRUCE W. HOFFMAN	Bill Johnson
Title	VICE PRESIDENT ASTERIV MILLS SYSTEM	Branch Manager

EXHIBIT B

INSURANCE REQUIREMENTS

Supplier shall carry the following insurance policies in the following amounts and with the following terms and conditions:

Worker's Compensation

Minimum Required Limits	▪ Worker's Compensation - Statutory Limits ▪ Employer's liability: - \$1,000,000 Each Accident for Bodily Injury by Accident - \$1,000,000 Each Employee for Bodily Injury by Disease - \$1,000,000 Aggregate Policy Limit for Bodily Injury by Disease
Required Terms and Conditions	▪ NCCI Workers Compensation and Employers Liability Insurance Policy form

Commercial General Liability: The Supplier will maintain Commercial General Liability insurance covering all operations by or on behalf of the Supplier on an occurrence basis against claims for bodily injury, property damage (including the loss of use thereof), personal injury and advertising injury. Such insurance will have these minimum limits, terms and conditions:

Minimum Required Limits	▪ \$2,000,000 General Aggregate Per Project ▪ \$2,000,000 Products and Completed Operations Aggregate ▪ \$2,000,000 Bodily Injury/Property Damage Per Occurrence ▪ \$2,000,000 Personal Injury and Advertising Injury Limit <i>(Limits may be a combination of Primary and Umbrella/Excess policies)</i>
Required Terms and Conditions	▪ ISO Commercial General Liability Policy (Occurrence Form) ▪ Products and Completed Operations coverage maintained for at least two (2) years after contract completion ▪ Blanket Contractual Liability (included in ISO form) ▪ Independent Contractors (included in ISO form) ▪ Broad Form Property Damage (included in ISO form) ▪ Cross Liability and Severability of Interest (included in ISO form) ▪ Explosion, Collapse and Underground (XCU) coverage (included in 1993 ISO form) ▪ Personal Injury and Advertising Injury (included in ISO form) ▪ Incidental Medical Malpractice (included in ISO form) ▪ Owner included as Additional Insured ▪ Waiver of Subrogation in favor of Owner and all other Indemnitees in the Agreement

Automobile Liability: The Supplier will maintain Business Auto Liability covering liability arising out of any auto (including owned, non-owned and hired autos).

Minimum Required Limits	▪ \$1,000,000 Combined Single Limit Each Accident
Required Terms and Conditions	▪ ISO Business Auto Policy or Equivalent Waiver of Subrogation in favor of Owner and all other Indemnitees in the Agreement.

Professional Liability (Errors and Omissions): The Supplier will purchase and maintain Professional Liability Insurance.

Minimum Required Limits	▪ \$2,000,000 Each Claim and Annual Aggregate
Required Terms and Conditions	▪ Insured's Interest in Joint Ventures (if applicable) ▪ Punitive Damages Coverage (where not prohibited by law) ▪ Limited Contractual Liability ▪ Retroactive Date Prior to Start of Services ▪ Extended Reporting Period of 24 Months or More ▪ No Pollution Exclusion

Additional Insureds:

If any Services are performed on KapStone facilities, "KapStone Paper and Packaging Corporation and its affiliates" will be designated as an Additional Insured to the CGL evidenced by copy of the endorsement or policy form attached to the Certificate of Insurance. If providing Services on KapStone facilities, the Additional Insured endorsement will be applicable to Supplier's "operations" for KapStone. The above required liability limits can be provided by any combination of primary and umbrella/excess insurance policies. Supplier will provide KapStone with a Certificate of Insurance and endorsements or policy forms evidencing compliance with the above as soon as administratively possible. The failure of KapStone to demand such certificate shall not waive Supplier's obligation to provide such certificate and coverages. Supplier will require its insurance carrier(s) to give KapStone at least 30 days written notice prior to cancellation of coverage. Supplier shall ensure that its subcontractors have insurance coverage and endorsements consistent with the above, with the exception of policy limits. Supplier shall cause its and its subcontractors' insurance companies to waive rights of subrogation against KapStone and its affiliates, and Supplier acknowledges that this waiver was mutually negotiated. Insurance companies providing coverage for Supplier and its subcontractors will have an A.M. Best's rating of no less than B+ VII. All insurance or self-insurance of KapStone and its affiliates will be excess of any insurance provided by Supplier or subcontractors.

EXHIBIT C
SECURITY AND SAFETY RULES

All Contractors, Consultants, Vendors, and Suppliers (hereinafter referred to as "Suppliers") and their employees, agents, representatives, and subcontractors (hereinafter referred to as "Employees") must comply with the following Security and Safety Rules while on KapStone premises insofar as they do not conflict with any local, state or federal law or safety code, or any contractual agreement between the Supplier and KapStone.

Security Rules

All Suppliers and their Employees are responsible for adhering to the following Security Rules:

1. All Suppliers are responsible for providing proper personal protective equipment ("PPE") for their Employees and such PPE must be worn at all appropriate times.
2. Plant speed limit is 10 miles per hour unless otherwise posted. All traffic signs and signals must be obeyed. Cellular phone use is prohibited while operating any vehicle, or machinery. KapStone's operating vehicles, such as chip haulers, always have the right-of-way.
3. Mill Site Entry and Exit: Suppliers who are delivering products, parts, and materials to KapStone's mill site and delivering such to other Suppliers or Employees on KapStone's mill site will use the main gate. Suppliers, and other authorized personnel, who are performing work on KapStone's mill site will use the vehicle gate to the right of the Main Gate entrance at the southeast corner of the contractor parking lot.

Container Plant Entry and Exit: Suppliers who are delivering products, parts, and materials to one of KapStone's container plants (other than Longview, WA which shall utilize mill site process above) will use the designated receiving dock or area of that container plant, as directed.
4. The possession or consumption of intoxicating beverages and/or controlled substances (narcotics and dangerous drugs) on KapStone premises, including parking lots, or reporting for work under the influence of either, is grounds for immediate removal from KapStone premises.
5. The possession or use of firearms on KapStone's premises, including the parking lot, is grounds for immediate removal from KapStone premises. For KapStone's mill site, vehicles with hunting rifles may park on the County Road.
6. All KapStone material, equipment, or property which is to be removed from KapStone premises, must be accompanied by a Shipping Instruction form, signed by a KapStone Project Administrator or other authorized KapStone associate. The Shipping Instruction form must be left with the gate operator (mill site) at the appropriate gate or the shipping/receiving office administrator (container plants). Unauthorized removal of KapStone property (theft) is grounds for immediate eviction from KapStone premises.

7. No Supplier or their Employee, while off-duty, will be permitted on KapStone's mill site without a proper mill pass. KapStone's Security Manager, or, in his absence, the main gate operator on duty, must be advised by the KapStone Project Administrator when overtime and/or weekend work has been authorized for the Supplier. Only Suppliers necessary for the work and displaying a numbered KapStone vehicle pass on the dash or left sun visor will be allowed on KapStone's mill site. A Supplier may make application for a vehicle pass to the KapStone Project Administrator. Requests are subject to final approval by KapStone's Security Manager, who is responsible for issuing and logging all vehicle passes and maintaining a log. Vehicle passes will not exceed six months. If a vehicle pass is needed for more than six months, a new vehicle pass will be issued.
8. Private or personal vehicles shall be parked only in the designated Contractor's Parking Lot to be designated by the KapStone Project Administrator and approved by the Security Manager.
9. In accepting a KapStone contract or purchase order, all Suppliers understand that their vehicles, Employee's vehicles, and persons may be subject to a reasonable search at the desire of KapStone, upon entering or leaving KapStone premises and at any time while on KapStone premises.
10. Each Supplier Employee shall wear, and at all times shall prominently display, individual and company identification insignia provided by the Supplier, recommended by the KapStone Project Administrator, and approved by the KapStone Security Manager. A list of Employees working will be given daily to the appropriate KapStone gate operator.
11. At KapStone's mill site, no passageways will be blocked off or restricted without prior approval of the KapStone Project Administrator. KapStone's turbine room must be notified of any such blockage and when the blockage is removed or open. If necessary to block any railroad track, the KapStone Blue Flag Policy must be followed and the KapStone shipping department notified.
12. The Supplier and/or KapStone Project Administrator will arrange for disposition of unused products, parts, or material from the work. Such will not be given to KapStone employees.

Safety Rules

All Suppliers and their Employees are responsible for adhering to the following safety rules and any subsequent detailed procedures for specific areas:

Training

Initial training is accomplished through KapStone's Online Safety Training.

Retraining will be completed annually or when any of the following situations occur:

- Changes onsite renders previous training obsolete or incomplete;
- The person's knowledge or use indicates the person has not retained understanding;
- When a procedure is adjusted to the extent that retraining is needed.

Job orientation instructions, job safety analysis and other guidelines will supplement these rules as appropriate.

Personal Protective Equipment ("PPE")

PPE must be worn as follows:

- Safety glasses with side shields are required in all areas of KapStone premises except: control rooms, break areas, locker rooms, lunchrooms or offices.
- Bright reflective vests or jackets must be worn while on KapStone Premises, other than in office areas.
- Hard hats are required in all areas of the mill site except: control rooms, break areas, locker rooms, lunch rooms, quality control labs, offices, maintenance shops, operating floors of batch digesters, washer lines, machine room, OCC, Logistics, Container Plants, the walkways from the Longview, WA Container Plant Office to the Cafeteria. When elevated work is being performed in these areas hard hats will be required when work presents an overhead hazard.
- Industrial quality ANSI approved footwear must be worn in all operating areas.
- Hearing protection is required in all KapStone's operating areas. This does not include offices, booths, etc. that are clearly below 85dBA.
- Hair, including facial hair, that is more than 4 inches long must be contained with a hair net, beneath a hat, or by other means anytime people are working around rotating shafts, in-running nips, revolving equipment such as drills and grinders, or when otherwise exposed to a hair-catching hazard. If an ignition hazard is present, hair must be completely contained beneath a solid fabric covering.

Accident Prevention and Reporting

Anyone assigned to work in an isolated area must be checked on at least every two hours. This may be done by phone, personal visit or other means.

Foot traffic must stay in designated walkways as much as possible. Running is prohibited except in emergencies.

Do not access areas that are protected by guards, railings, hazard ribbon, signage or other means without specific authorization from management or supervision.

Follow, without exception, equipment specific energy control (lockout/tagout) procedures.

The KapStone speed limit is 10 miles per hour, unless otherwise posted.

Smoking is not allowed outside of designated "smoking" areas. Cigarette butts must be completely extinguished and disposed of in an ashtray or other appropriate device.

Horseplay is not allowed.

Firearms, lethal weapons and knives exceeding four inches blade length (except when supplied by KapStone) are prohibited on site.

All accidents, including personal injury, property damage and near miss accidents must be reported to KapStone supervision or management immediately and must be investigated as soon as possible. All identified hazards must be reported to KapStone supervision or management. If unsure, report hazards to a KapStone employee for mitigation.

For the Longview, WA mill, if a mill emergency is discovered, such as an injured worker, chemical spill, fire or other, call for assistance by dialing 2110 from any KapStone telephone, or by dialing direct to 360-442-7733. (Phone numbers do not apply to the Container Plants.) Do not attempt to move an injured

person unless it is necessary to prevent further injury.

Anytime personal safety or the safety of others is in doubt, consult with KapStone supervision or management before becoming potentially exposed to the hazard.

Vehicles and Machinery

Do not start machinery until it's been verified that all persons are in the clear.

Do not wear loose clothing around spinning or rotating machinery or equipment.

Only persons who are authorized by KapStone management or supervision may operate equipment.

Riders are not allowed on mobile equipment unless the manufacturer equipped the vehicle to handle passengers and the passenger is authorized by KapStone management or supervision.

Seat belts must be used in/on all motorized vehicles that were so equipped from the manufacturer. Each person riding in/on a vehicle equipped with seat belts must wear a seat belt while the vehicle is in motion.

Guards must be kept in place except when removal is necessary for servicing or maintenance. Guards must be reinstalled immediately when service work is completed.

Do not work, stand, walk, or pass under a suspended load.

Cellular phone use is prohibited while operating any vehicle, or machinery. Cellular phone use is also prohibited while walking anywhere on KapStone premises.

Pedestrians must yield to mobile equipment and drivers must honk to ensure presence is known.

Equipment, Tools and Materials

Equipment used in elevated areas must be controlled so it doesn't fall onto people passing below.

Defective or inappropriate tools must not be used.

Equipment, tools and materials are to be properly stored when not in use.

- Hoses and cords must be stored on hangers or racks.
- Hoses and cords that are in use must be strung under railings or overhead to eliminate tripping hazards.
- Materials must not be left on stairs or in walkways where they may become a hazard.
- Materials must not be stored where it will hamper access to fire or other emergency equipment, within 3 ½ feet in front of electrical panels or breakers, or in designated walkways.
- Pallets are not to be stored on edge.

Vessel Entry

Follow Confined Space Entry Procedures when entering chests, tanks, seal pits, etc., as described in the KapStone Online Safety Training Module for Confined Space.

Man holes passing through the floor must be guarded whenever open.

DISCOUNT FACTOR AGREEMENT

This **DISCOUNT FACTOR AGREEMENT** ("**Agreement**"), dated as of January 1, 2016 (the "**Effective Date**"), is made and entered into by and among KapStone Receivables, LLC, a Delaware limited liability company ("**Buyer**"), KapStone Kraft Paper Corporation, a Delaware corporation ("**KKPC**"), KapStone Container Corporation, a Georgia corporation ("**KCC**"), Longview Fibre Paper and Packaging, Inc., a Washington corporation ("**Longview**"), KapStone Charleston Kraft LLC, a Delaware limited liability company ("**KCK**"), and Victory Packaging, L.P., a Texas limited partnership ("**Victory**" and, collectively with KKPC, KCC, Longview and KCK, the "**Originators**" and each, individually, an "**Originator**").

RECITALS

WHEREAS, Buyer and the Originators are parties to that certain Receivables Sale Agreement, dated as of September 26, 2014, by and among KapStone Paper and Packaging Corporation, Buyer and the Originators (as amended, the "**Sale Agreement**") pursuant to which, among other things, Buyer purchases certain Receivables (as defined in the Sale Agreement) from the Originators at a price determined by reference to the Discount Factor (as defined in the Sale Agreement) then in effect;

WHEREAS, the Sale Agreement contemplates that Buyer and the Originators may agree from time to time to change the Discount Factor based on changes in one or more of the items affecting the calculation thereof; and

WHEREAS, the parties desire to change the Discount Factor from 3% to 1%.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. **Reduction of Discount Factor.** From and after the Effective Date, the Discount Factor shall be 1% for all purposes under the Sale Agreement. This Agreement shall not constitute an amendment, modification or waiver of any provision of the Sale Agreement, which Sale Agreement shall remain in full force and effect.

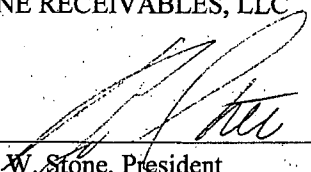
2. **Governing Law.** This Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Delaware, without reference to any jurisdiction's principles of conflicts of laws to the contrary.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

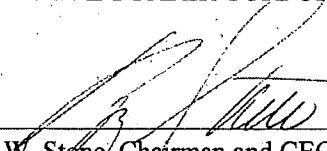
"BUYER"

KAPSTONE RECEIVABLES, LLC

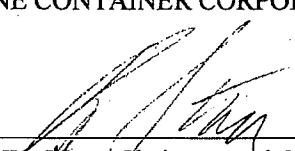
By: 
Roger W. Stone, President

"ORIGINATORS"

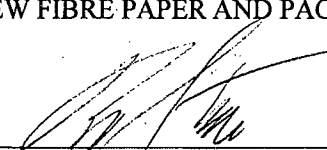
KAPSTONE KRAFT PAPER CORPORATION

By: 
Roger W. Stone, Chairman and CEO

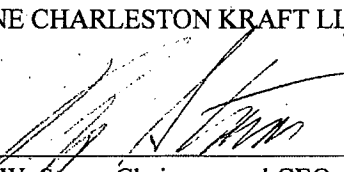
KAPSTONE CONTAINER CORPORATION

By: 
Roger W. Stone, Chairman and CEO

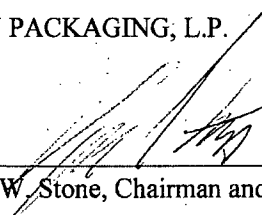
LONGVIEW FIBRE PAPER AND PACKAGING, INC.

By: 
Roger W. Stone, Chairman and CEO

KAPSTONE CHARLESTON KRAFT LLC

By: 
Roger W. Stone, Chairman and CEO

VICTORY PACKAGING, L.P.

By: 
Roger W. Stone, Chairman and CEO

Account Number [REDACTED] 730
01 01 169 05 M0000 E# 0
Last Statement: 04/29/2016
This Statement: 05/31/2016

DNP

Customer Service
1-888-400-9009

KAPSTONE RECEIVABLES, LLC
BLOCK PENDING - LOCKBOX
1101 SKOKIE BOULEVARD
SUITE 300
NORTHBROOK IL 60042

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Account Summary Information

Statement	Beginning Balance
Amount of	Deposits/Credits
Amount of	Checks
Amount of	Other Debits
Statement	Ending Balance

Number of Enclosures

Service Charge

Deposits and Credits

Date	Customer	Amount	Description	Bank Reference
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05/02			WIRE TYPE:WIRE IN DATE: 160502 TIME:1155 ET TRN:2016050200247692 SEQ:160502568621000I/251913 ORIG:KEB HANA BANK ID:TX138943DRU SND BK:WELLS FAR GO NY INTL ID:0509 PMT DET:TX138943DRU DRAWER REF I16KSCH04362 DRAWEE.SAMWON PAPER CO., LTD. BILL AM	00370247692
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05/02			TRN:2016050200319004 SEQ:160502571310000I/291491 ORIG:INDUSTRIAL BANK OF KOREA ID:UEP0000000492457 SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:UEP0000 000492457LC NUMBER.M04G11602EU00192 YOUR REF. I16K	00370319004
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05/02			Wire In-international WIRE TYPE:INTL IN DATE:160502 TIME:0301 ET TRN:2016042800132414 SEQ:82937164281300RB/314586 ORIG:FORNAROLI CARTA S.P.A. ID:IT79N06385126031 ORIG BK:CASSA DI RISPARMIO IN BOLOGNA ID:IBSPIT2B PMT DET: \$25.00 FEE DEDUCTadvance payment proforma	00370132414

CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406

Account Number [REDACTED] 730
01 01 169 05 M0000 E# 0
Last Statement: 04/29/2016
This Statement: 05/31/2016

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Customer Service
1-888-400-9009

KAPSTONE RECEIVABLES, LLC

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DEPOSITORY+ ACCOUNT

Deposits and Credits

Date Posted	Customer Reference	Amount	Description	Bank Reference
05/03			WIRE TYPE:WIRE IN DATE: 160503 TIME:1227 ET TRN:2016050300246625 SEQ:160503437084000A/355474 ORIG:FORMILINE IND DE LAMINADO ID:2370237200421110 SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:0153169 6467 /INV/I15KSCH19503	00370246625
05/03			WIRE TYPE:WIRE IN DATE: 160503 TIME:1604 ET TRN:2016050300324596 SEQ:160503597101000I/404912 ORIG:NONGHYUP BANK ID:UEP00000000504149 SND BK:WELL S FARGO NY INTL ID:0509 PMT DET:UEP00000000504149LC NUMBER.M036A602NS00299 YOUR REF. I16KSCH05378 APP	00370324596
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05/03			Wire In-international WIRE TYPE:INTL IN DATE:160503 TIME:1046 ET TRN:2016050300211441 SEQ:S002542816012844/732717 ORIG:1/ASD ORMAN URUNLERI PAZA ID:TR39000150015804 PMT DET:FW026009593	00370211441
05/03			WIRE TYPE:WIRE IN DATE: 160503 TIME:1448 ET TRN:2016050300295691 SEQ:160503465136000A/388053 ORIG:FORMILINE IND DE LAMINADO ID:2370237200421110 SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:0153169 6493 /INV/I15KSCH19505	00370295691
05/03			WIRE TYPE:WIRE IN DATE: 160503 TIME:1644 ET TRN:2016050300340992 SEQ:160503489596000A/412654 ORIG:FORMILINE IND DE LAMINADO ID:2370237200421110 SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:0153169 6495 /INV/I15KSCH19379	00370340992
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CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406

Account Number [REDACTED] 730
01 01 169 05 M0000 E# 0
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1-888-400-9009

KAPSTONE RECEIVABLES, LLC

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DEPOSITORY + ACCOUNT

Deposits and Credits

Date Posted	Customer Reference	Amount	Description	Bank Reference
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05/03			WIRE TYPE:WIRE IN DATE: 160503 TIME:0515 ET TRN:2016050300058405 SEQ:160429684274000I/052687 ORIG:PAPER SUPPLY PLATFORM ID:NL91INGB00201138 SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:WEB6119 00094362BPAYMENT SPECIFICATION FOLLOWS	00370058405
05/03			Wire In-international WIRE TYPE:INTL IN DATE:160503 TIME:0459 ET TRN:2016042900137348 SEQ:FBADT16040024147/847123 ORIG:ROXCEL Handels-GmbH ID:03231770335 PMT DET: \$ 55.00 FEE DEDUCTPAYMENT DETAILS ACC.TO OUR EMAIL	00370137348
05/04			WIRE TYPE:WIRE IN DATE: 160504 TIME:0901 ET TRN:2016050400174258 SEQ:F1S1605026862700/261089 ORIG:PAC SERVICE S.P.A. ID:IT02J03032121000 SND BK:THE BANK OF NEW YORK MELLON ID:0001 PMT DET:160502 7784113/IDISPOSITION LESS FEES	00370174258
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DEPOSITORY+ ACCOUNT

Deposits and Credits

Date Posted	Customer Reference	Amount	Description	Bank Reference
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05/05			Wire In-international WIRE TYPE:INTL IN DATE:160505 TIME:0603 ET TRN:2016050300211775 SEQ:82937165036653RB/386982 ORIG:FORNAROLI CARTA S.P.A. ID:IT79N06385126031 ORIG BK:CASSA DI RISPARMIO IN BOLOGNA ID:IBSPIT2B PMT DET: \$25.00 FEE DEDUCTadvance payment proforma	00370211775
05/05			Wire In-international WIRE TYPE:INTL IN DATE:160505 TIME:0603 ET TRN:2016050300104456 SEQ:AAU94979/030516/826333 ORIG:ROXCEL Handelsgesellschaft ID:AT54310000705057 PMT DET: \$50.00 FEE DEDUCTI16KSCH06445+06483+06371 - C16KSCH00233	00370104456
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CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406

Account Number [REDACTED] 730
01 01 169 05 M0000 E# 0
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KAPSTONE RECEIVABLES, LLC

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DEPOSITORY + ACCOUNT

Deposits and Credits

Date Posted	Customer Reference	Amount	Description	Bank Reference
05/06	[REDACTED]		WIRE TYPE:WIRE IN DATE: 160506 TIME:1213 ET TRN:2016050600202005 SEQ:160506664664000I/323785 ORIG:BANK OF AMERICA NA ID:TX142589LCU SND BK:WELL S FARGO NY INTL ID:0509 PMT DET:TX142589LCU DRAWER REF. I16KSCH05915 DRAWEE.FIRST ZURICH LTD BILL AM	00370202005
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05/09	[REDACTED]		WIRE TYPE:WIRE IN DATE: 160509 TIME:0303 ET TRN:2016050900108958 SEQ:OR1687217000308/074358 ORIG:ZHEJIANG REXIN DECORATIVE ID:201000107176532 SND BK:INDUSTRIAL AND COMMERCIAL BAN ID:1459 PMT DET:CONTRACT NO.KS-S122415MAR	00370108958
05/09	[REDACTED]		WIRE TYPE:WIRE IN DATE: 160509 TIME:1442 ET TRN:2016050900322938 SEQ:160509571058000I/401790 ORIG:INDUSTRIAL BANK OF KOREA ID:UEP0000000507802 SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:UEP0000 000507802LC NUMBER.M04CN1602NU00192 YOUR REF. I16K	00370322938
05/09	[REDACTED]		WIRE TYPE:WIRE IN DATE: 160509 TIME:1442 ET TRN:2016050900322943 SEQ:160509571074000I/401801 ORIG:INDUSTRIAL BANK OF KOREA ID:UEP0000000507785 SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:UEP0000 000507785LC NUMBER.M04CN1602NU00192 YOUR REF. I16K	00370322943
05/09	[REDACTED]		WIRE TYPE:WIRE IN DATE: 160509 TIME:1442 ET TRN:2016050900322950 SEQ:160509571078000I/401804 ORIG:INDUSTRIAL BANK OF KOREA ID:UEP0000000507892 SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:UEP0000 000507892LC NUMBER.M04CN1602NU00192 YOUR REF. I16K	00370322950
05/09	[REDACTED]		WIRE TYPE:WIRE IN DATE: 160509 TIME:1442 ET TRN:2016050900322945 SEQ:160509571075000I/401802 ORIG:INDUSTRIAL BANK OF KOREA ID:UEP0000000507781 SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:UEP0000 000507781LC NUMBER.M04CN1602NU00192 YOUR REF. I16K	00370322945
05/09	[REDACTED]		WIRE TYPE:WIRE IN DATE: 160509 TIME:1442 ET TRN:2016050900322940 SEQ:160509571072000I/401794 ORIG:INDUSTRIAL BANK OF KOREA ID:UEP0000000507883 SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:UEP0000 000507883LC NUMBER.M04G11602EU00192 YOUR REF. I16K	00370322940
05/09	[REDACTED]		WIRE TYPE:WIRE IN DATE: 160509 TIME:1436 ET TRN:2016050900320604 SEQ:160509570984000I/399913 ORIG:HNBKWTWP126 ID:TX142381DRU SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:TX142381DRU DRAWER REF. I 16KSCH05573 DRAWEE.NAN YA PLASTICS CORP. AMOUNT: U	00370320604

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05/11			WIRE TYPE:WIRE IN DATE: 160511 TIME:1128 ET TRN:2016051100228349 SEQ:160511625603000I/335794 ORIG:KEB HANA BANK ID:TX138952DRU SND BK:WELLS FAR GO NY INTL ID:0509 PMT DET:TX138952DRU DRAWER REF. I16KSCH04366 DRAWEE.SAMWON PAPER CO., LTD. USD 18,	00370228349
05/11			WIRE TYPE:WIRE IN DATE: 160511 TIME:1128 ET TRN:2016051100228350 SEQ:160511625604000I/335800 ORIG:KEB HANA BANK ID:TX139148DRU SND BK:WELLS FAR GO NY INTL ID:0509 PMT DET:TX139148DRU DRAWER REF. I16KSCH04384 DRAWEE.SAMWON PAPER CO., LTD. BILL A	00370228350
05/11			WIRE TYPE:WIRE IN DATE: 160511 TIME:1128 ET TRN:2016051100228351 SEQ:160511625605000I/335801 ORIG:KEB HANA BANK ID:TX139039DRU SND BK:WELLS FAR GO NY INTL ID:0509 PMT DET:TX139039DRU DRAWER REF. I16KSCH04383 DRAWEE.SAMWON PAPER CO., LTD. BILL AM	00370228351
05/11			WIRE TYPE:WIRE IN DATE: 160511 TIME:0425 ET TRN:2016051100071576 SEQ:9988095132JS/081744 ORIG:A AND E RISING TECHNOLOGI ID:04347392085490 SND BK:JPMORGAN CHASE BANK, N.A. ID:0002 PMT DET:S WF OF 16/05/11 OUR PO NO.16AE0000150(NO 099202)	00370071576
05/11			WIRE TYPE:WIRE IN DATE: 160511 TIME:0424 ET TRN:2016051100053732 SEQ:S06613120D1601/036037 ORIG:THE LAMINEX GROUP ID:776849USD00001 SND BK:CI TIBANK, N.A. ID:0008	00370053732
05/11			WIRE TYPE:WIRE IN DATE: 160511 TIME:1129 ET TRN:2016051100228705 SEQ:160511625606000I/336024 ORIG:KEB HANA BANK ID:TX138975DRU SND BK:WELLS FAR GO NY INTL ID:0509 PMT DET:TX138975DRU DRAWER REF. I16KSCH04368 DRAWEE.SAMWON PAPER CO., LTD. USD 37,	00370228705
05/11			Wire In-international WIRE TYPE:INTL IN DATE:160511 TIME:0423 ET TRN:2016050900228471 SEQ:AZWA613006835000/033362 ORIG:1/ISOLA GMBH ID:DE61370800400104 ORIG BK:COMM ERZBANK AG ID:COBADEDD PMT DET: \$28.00 FEE DEDUCTR G.I16KSCH05131 V.04/04/16 RG .I16KSCH05133 V.04/04	00370228471
05/11			Wire In-international WIRE TYPE:INTL IN DATE:160511 TIME:0423 ET TRN:2016050900172880 SEQ:92937165091327RB/886299 ORIG:FORNAROLI CARTA S.P.A. ID:IT79N06385126031 ORIG BK:CASSA DI RISPARMIO IN BOLOGNA ID:IBSPIT2B PMT DET: \$25.00 FEE DEDUCTpayment invoices no. 264	00370172880
05/12			WIRE TYPE:WIRE IN DATE: 160512 TIME:1440 ET TRN:2016051200294831 SEQ:160512654819000I/390185 ORIG:INDUSTRIAL BANK OF KOREA ID:UEP0000000532817 SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:UEP0000 000532817LC NUMBER.M04L81603NS00413 YOUR REF. I16K	00370294831

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05/12			WIRE TYPE:WIRE IN DATE: 160512 TIME:1141 ET TRN:2016051200231456 SEQ:2016051200007302/001984 ORIG:STI SUNTRUST INTERNATIONAL ID:1707309101700 SND BK:SUNTRUST BANK ID:061000104 PMT DET:30001610-00	00370231456
05/12			WIRE TYPE:WIRE IN DATE: 160512 TIME:1023 ET TRN:2016051200205723 SEQ:2016051200005185/001202 ORIG:STI SUNTRUST INTERNATIONAL ID:1707309101700 SND BK:SUNTRUST BANK ID:061000104 PMT DET:30001613-00 30001613-P2	00370205723
05/12			WIRE TYPE:WIRE IN DATE: 160512 TIME:0526 ET TRN:2016051200129089 SEQ:160512644182000I/186389 ORIG:PCBCCNBXXXX ID:TX142788DRU SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:TX142788DRU DRAWER REF. I 16KSCH06280 DRAWEE.NAN YA ELECTRONIC MATERIALS HUI	00370129089
05/12			WIRE TYPE:WIRE IN DATE: 160512 TIME:1739 ET TRN:2016051200351092 SEQ:1605126572008007/008007 ORIG:BANK OF AMERICA NA ID:TX143216LCU SND BK:WELL S FARGO NY INTL ID:026005092 PMT DET:TX143216LCU D RAWER REF I16KSCH06255 DRAWEE.FIRST ZURICH LTD BIL	00370351092
05/12			Wire In-international WIRE TYPE:INTL IN DATE:160512 TIME:0417 ET TRN:2016051000146959 SEQ:FBADT16050007140/137150 ORIG:ROXCEL Handels-GmbH ID:03231770335 PMT DET: \$ 55.00 FEE DEDUCTPAYMENT ORDER FOR 5 PAYMENTS DETAI LS REPORTED SEPARATELY.	00370146959
05/12	1		Wire In-international WIRE TYPE:INTL IN DATE:160512 TIME:0417 ET TRN:2016051000146839 SEQ:PA0160510020526/072011 ORIG:1/TRESPA INTERNATIONAL BV ID:NL40RABO01769426 PMT DET: \$8.00 FEE DEDUCT	00370146839
05/13			WIRE TYPE:WIRE IN DATE: 160513 TIME:0536 ET TRN:2016051300134216 SEQ:160513672402000I/204002 ORIG:INDUSTRIAL BANK OF KOREA ID:UEP0000000532813 SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:UEP0000 000532813LC NUMBER.M04L81603NS00413 YOUR REF. I16K	00370134216
05/13			WIRE TYPE:WIRE IN DATE: 160513 TIME:1708 ET TRN:2016051300365331 SEQ:1605136860008928/008928 ORIG:STBPINBXXXX ID:TX142510DRU SND BK:WELLS FARGO NY INTL ID:026005092 PMT DET:TX142510DRU DRAWER R EF. I16KSCH05927 DRAWEE.STYLAM INDUSTRIES LIMITED	00370365331
05/13			WIRE TYPE:WIRE IN DATE: 160513 TIME:1257 ET TRN:2016051300268212 SEQ:160513682210000I/382661 ORIG:HSBCCNSHXXX ID:TX142709DRU SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:TX142709DRU DRAWER REF I1 6KSCH05925 DRAWEE.SHANGHAI FORMICA DECORATIVE USD	00370268212

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05/13			WIRE TYPE:WIRE IN DATE: 160513 TIME:0428 ET TRN:2016051300102333 SEQ:1605136694220001/155914 ORIG:BANK OF TOKYO MITSUBISHI ID:TX142635DRU SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:TX14263 5DRU DRAWER REF I16KSCH05908 DRAWEE.PT AICA INDONE	00370102333
05/13			WIRE TYPE:WIRE IN DATE: 160513 TIME:1155 ET TRN:2016051300244334 SEQ:2016051300009250/002844 ORIG:STI SUNTRUST INTERNATIONAL ID:1707309101700 SND BK:SUNTRUST BANK ID:061000104 PMT DET:30001610 -00	00370244334
05/13			WIRE TYPE:WIRE IN DATE: 160513 TIME:1151 ET TRN:2016051300243050 SEQ:1605136809370001/364121 ORIG:STBPINBBXXX ID:TX134354DRU SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:TX134354DRU DRAWER REF I1 6KSCH02322 DRAWEE.STYLAM INDUSTRIES LIMITED BILL A	00370243050
05/13			WIRE TYPE:WIRE IN DATE: 160513 TIME:1142 ET TRN:2016051300239366 SEQ:1605136807620001/361526 ORIG:KEB HANA BANK ID:TX139147DRU SND BK:WELLS FAR GO NY INTL ID:0509 PMT DET:TX139147DRU DRAWER REF. I16KSCH04372 DRAWEE.SAMWON PAPER CO., LTD. BILL A	00370239366
05/13			WIRE TYPE:WIRE IN DATE: 160513 TIME:1151 ET TRN:2016051300243052 SEQ:1605136809380001/364122 ORIG:STBPINBBXXX ID:TX141680DRU SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:TX141680DRU DRAWER REF.I1 6KSCH05571 DRAWEE.STYLAM INDUSTRIES LIMITED BILL A	00370243052
05/13			WIRE TYPE:WIRE IN DATE: 160513 TIME:1151 ET TRN:2016051300243042 SEQ:1605136809350001/364114 ORIG:STBPINBBXXX ID:TX138108DRU SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:TX138108DRU DRAWER REF. I 16KSCH04049 DRAWEE.STYLAM INDUSTRIES LIMITED BILL	00370243042
05/13			WIRE TYPE:WIRE IN DATE: 160513 TIME:0428 ET TRN:2016051300102394 SEQ:1605136694230001/155915 ORIG:BANK OF TOKYO MITSUBISHI ID:TX142634DRU SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:TX14263 4DRU DRAWER REF I16KSCH05910 DRAWEE.PT AICA INDONE	00370102394
05/13			WIRE TYPE:WIRE IN DATE: 160513 TIME:1151 ET TRN:2016051300243056 SEQ:1605136809390001/364124 ORIG:STBPINBBXXX ID:TX138813DRU SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:TX138813DRU DRAWER REF. I 16KSCH04050 DRAWEE.STYLAM INDUSTRIES LIMITED BILL	00370243056
05/13			WIRE TYPE:WIRE IN DATE: 160513 TIME:1151 ET TRN:2016051300243044 SEQ:1605136809360001/364116 ORIG:STBPINBBXXX ID:TX139293DRU SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:TX139293DRU DRAWER REF.I1 6KSCH04436 DRAWEE.STYLAM INDUSTRIES LIMITED BILL A	00370243044
05/13			WIRE TYPE:WIRE IN DATE: 160513 TIME:0434 ET TRN:2016051300121815 SEQ:1605136712290001/182225 ORIG:INDUSTRIAL & COMMERCIAL B ID:TX143058DRU SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:TX14305 8DRU DRAWER REF I16KSCH06260 DRAWEE.NAN YA ELECTRO	00370121815

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05/13			Wire In-international WIRE TYPE:INTL IN DATE:160513 TIME:0420 ET TRN:2016051100122678 SEQ:92937165113359RB/026634 ORIG:FORNAROLI CARTA S.P.A. ID:IT79N06385126031 ORIG BK:CASSA DI RISPARMIO IN BOLOGNA ID:IBSPIT2B PMT DET: \$25.00 FEE DEDUCTadvance payment proforma	00370122678
05/16			WIRE TYPE:WIRE IN DATE: 160516 TIME:0302 ET TRN:2016051600087331 SEQ:7573597133JS/012919 ORIG:ROXCEL HANDELS GMBH ID:AT39193600045440 SND BK:JPMORGAN CHASE BANK, N.A. ID:0002 PMT DET:S	00370087331
05/16			WF OF 16/05/12 PP005340K3020266 I16KSCH06893 14868 WIRE TYPE:WIRE IN DATE: 160516 TIME:0305 ET TRN:2016051600134258 SEQ:160516MS73525500/138936 ORIG:SHENGYI TECHNOLOGY (SUZHO ID:0000046895822901 SND BK:BANK OF CHINA ID:0326 PMT DET:160516MS73525	00370134258
05/16			500 WIRE TYPE:WIRE IN DATE: 160516 TIME:0434 ET TRN:2016051600152286 SEQ:160516MS73869600/180590 ORIG:SHENGYI TECHNOLOGY CO LTD ID:699057759382 SND BK:BANK OF CHINA ID:0326 PMT DET:160516MS73869	00370152286
05/17			600/REC/BANK OF AMERICA N.A //ONE BRYANT PARK NEW WIRE TYPE:WIRE IN DATE: 160517 TIME:1330 ET TRN:2016051700251001 SEQ:1605175962460001/349249 ORIG:HNBKWTWP126 ID:TX143928DRU SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:TX143928DRU DRAWER REF. I	00370251001
05/18			16KSCH06297 DRAWEE.NAN YA PLASTICS CORP. AMOUNT: U WIRE TYPE:WIRE IN DATE: 160518 TIME:0525 ET TRN:2016051800123995 SEQ:1605186152670001/166442 ORIG:CHINA CITIC BANK ID:TX143402DRU SND BK:WELLS	00370123995
05/18			FARGO NY INTL ID:0509 PMT DET:TX143402DRU DRAWER R EF I16KSCH06478 DRAWEE.GUANG DONG ELLINGTON ELECTR WIRE TYPE:WIRE IN DATE: 160518 TIME:1135 ET TRN:2016051800223675 SEQ:1605186231160001/323012	00370223675
05/18			ORIG:INDUSTRIAL BANK OF KOREA ID:UEP0000000462824 SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:UEP0000 000462824LC NUMBER.M04CN1602NU00235 YOUR REF. I16K	00370223678
05/18			WIRE TYPE:WIRE IN DATE: 160518 TIME:1135 ET TRN:2016051800223678 SEQ:1605186231170001/323014 ORIG:INDUSTRIAL BANK OF KOREA ID:UEP0000000462795 SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:UEP0000	00370223674
			000462795LC NUMBER.M04CN1603NU00107 YOUR REF. I16K WIRE TYPE:WIRE IN DATE: 160518 TIME:1135 ET TRN:2016051800223674 SEQ:1605186231150001/323010 ORIG:INDUSTRIAL BANK OF KOREA ID:UEP0000000462807 SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:UEP0000	
			000462807LC NUMBER.M04CN1603NU00096 YOUR REF. I16K	

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05/18			WIRE TYPE:WIRE IN DATE: 160518 TIME:0526 ET TRN:2016051800124494 SEQ:160518615307000I/167728 ORIG:CHINA CITIC BANK ID:TX143561DRU SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:TX143561DRU DRAWER R EF I16KSCH06482 DRAWEE.GUANG DONG ELLINGTON ELECTR	00370124494
05/18			WIRE TYPE:WIRE IN DATE: 160518 TIME:0527 ET TRN:2016051800124497 SEQ:160518615308000I/167729 ORIG:CHINA CITIC BANK ID:TX143938DRU SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:TX143938DRU DRAWER R EF I16KSCH06480 DRAWEE.GUANG DONG ELLINGTON ELECTR	00370124497
05/18			WIRE TYPE:WIRE IN DATE: 160518 TIME:0424 ET TRN:2016051800102503 SEQ:160518613155000I/134607 ORIG:BANK OF CHINA ID:TX144210DRU SND BK:WELLS FAR GO NY INTL ID:0509 PMT DET:TX144210DRU DRAWER REF I16KSCH05502 DRAWEE.GUANGDONG FOREIGN TRADE I AND	00370102503
05/18			WIRE TYPE:WIRE IN DATE: 160518 TIME:1357 ET TRN:2016051800271529 SEQ:160518625123000I/357836 ORIG:HUA NAN COMMERCIAL BANK ID:TX144095DRU SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:TX14409 5DRU DRAWER REF I16KSCH06606 DRAWEE.NAN YA PLASTIC	00370271529
05/18			WIRE TYPE:WIRE IN DATE: 160518 TIME:1524 ET TRN:2016051800301007 SEQ:160518626395000I/376136 ORIG:NATIONAL BANK OF ABU DHAB ID:TX135638DRU SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:TX13563 8DRU DRAWER REF. I16KSCH02996 DRAWEE.SALOMIL CO FO	00370301007
05/18			Wire In-international WIRE TYPE:INTL IN DATE:160518 TIME:0418 ET TRN:2016051600173267 SEQ:92937165166581RB/492532 ORIG:FORNAROLI CARTA S.P.A. ID:IT79N06385126031 ORIG BK:CASSA DI RISPARMIO IN BOLOGNA ID:IBSPIT2B PMT DET: \$25.00 FEE DEDUCTadvance payment proforma	00370173267
05/19			WIRE TYPE:WIRE IN DATE: 160519 TIME:1538 ET TRN:2016051900303466 SEQ:160519651293000I/385389 ORIG:NONGHYUP BANK ID:UEP00000000542840 SND BK:WELL S FARGO NY INTL ID:0509 PMT DET:UEP00000000542840LC NUMBER.M036A603NS00235 YOUR REF. I16KSCH06608 APP	00370303466
05/19			WIRE TYPE:WIRE IN DATE: 160519 TIME:1535 ET TRN:2016051900301932 SEQ:160519651245000I/384647 ORIG:NONGHYUP BANK ID:UEP00000000542846 SND BK:WELL S FARGO NY INTL ID:0509 PMT DET:UEP00000000542846LC NUMBER.M036A603NS00235 YOUR REF. I16KSCH06602 APP	00370301932
05/19			WIRE TYPE:WIRE IN DATE: 160519 TIME:1538 ET TRN:2016051900303470 SEQ:160519651305000I/385391 ORIG:NONGHYUP BANK ID:UEP00000000542833 SND BK:WELL S FARGO NY INTL ID:0509 PMT DET:UEP00000000542833LC NUMBER.M036A603NS00251 YOUR REF. I16KSCH06609 APP	00370303470

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05/19			WIRE TYPE:WIRE IN DATE: 160519 TIME:1538 ET TRN:2016051900303469 SEQ:1605196512940001/385390 ORIG:NONGHYUP BANK ID:UEP0000000542835 SND BK:WELL S FARGO NY INTL ID:0509 PMT DET:UEP0000000542835LC NUMBER.M036A603NS00235 YOUR REF. I16KSCH06603 APP	00370303469
05/19			WIRE TYPE:WIRE IN DATE: 160519 TIME:1538 ET TRN:2016051900303465 SEQ:1605196512920001/385388 ORIG:NONGHYUP BANK ID:UEP0000000542843 SND BK:WELL S FARGO NY INTL ID:0509 PMT DET:UEP0000000542843LC NUMBER.M036A603NS00235 YOUR REF. I16KSCH06605 APP	00370303465
05/19			WIRE TYPE:WIRE IN DATE: 160519 TIME:0425 ET TRN:2016051900096681 SEQ:1605196375960001/132710 ORIG:BANK OF TOKYO MITSUBISHI ID:TX143406DRU SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:TX14340 6DRU DRAWER REF I16KSCH06295 DRAWEE.PT AICA INDONE	00370096681
05/19			Wire In-international WIRE TYPE:INTL IN DATE:160519 TIME:1628 ET TRN:2016051900322695 SEQ:CCME/920359/535749 ORIG:FORMILINE INDUSTRIA DE LA ID:55183248001018 ORIG BK:NAME: INTERCAM CORRETORA DE C	00370322695
05/19			Wire In-international WIRE TYPE:INTL IN DATE:160519 TIME:1628 ET TRN:2016051900322670 SEQ:CCME/920335/535741 ORIG:FORMILINE INDUSTRIA DE LA ID:55183248001018 ORIG BK:NAME: INTERCAM CORRETORA DE C	00370322670
05/20			WIRE TYPE:WIRE IN DATE: 160520 TIME:0841 ET TRN:2016052000169077 SEQ:1605206721380001/280077 ORIG:BANK OF BARODA ID:TX141656DRU SND BK:WELLS FA RGO NY INTL ID:0509 PMT DET:TX141656DRU DRAWER REF . I16KSCH05572 DRAWEE.RUSHIL DECOR LTD USD 37,542.	00370169077
05/20			WIRE TYPE:WIRE IN DATE: 160520 TIME:1518 ET TRN:2016052000224390 SEQ:1605206759620001/358720 ORIG:BANK OF AMERICA NA ID:TX143424LCU SND BK:WELL S FARGO NY INTL ID:0509 PMT DET:TX143424LCU DRAWER REF I16KSCH06467 DRAWEE.JESSERN PAPER WARE CORPOR	00370224390
05/20			WIRE TYPE:WIRE IN DATE: 160520 TIME:0431 ET TRN:2016052000048610 SEQ:5300293139JS/016999 ORIG:ROXCEL HANDELS GMBH ID:AT39193600045440 SND BK:JPMORGAN CHASE BANK, N.A. ID:0002 PMT DET:S WF OF 16/05/18 I16KSCH07128 50205.55 USD 489.78 US	00370048610
05/20			WIRE TYPE:WIRE IN DATE: 160520 TIME:1228 ET TRN:2016052000248630 SEQ:2016052000009952/002737 ORIG:STI SUNTRUST INTERNATIONAL ID:1707309101700 SND BK:SUNTRUST BANK ID:061000104 PMT DET:30001613 -00 30001613	00370248630
05/20			WIRE TYPE:WIRE IN DATE: 160520 TIME:0530 ET TRN:2016052000129510 SEQ:1314296141FS/203226 ORIG:1/MAICA LAMINATES SDN BHD ID:HONG LEONG /26 SND BK:JPMORGAN CHASE BANK, N.A. ID:0002 PMT DET:S WF OF 16/05/20 INVOICE NO I16KSCH07550 07551 06645	00370129510

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1-888-400-9009

KAPSTONE RECEIVABLES, LLC

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DEPOSITORY + ACCOUNT

Deposits and Credits

Date Posted	Customer Reference	Amount	Description	Bank Reference
05/23			WIRE TYPE:WIRE IN DATE: 160523 TIME:1448 ET TRN:2016052300319023 SEQ:160523572967000I/435981 ORIG:SHINHAN BANK ID:UEP0000000534638 SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:UEP0000000534638LC NUMBER.M16G91603NU00025 YOUR REF. I16KSCH06305 APP	00370319023
05/23			WIRE TYPE:WIRE IN DATE: 160523 TIME:1318 ET TRN:2016052300290066 SEQ:160523571767000I/417997 ORIG:INDUSTRIAL BANK OF KOREA ID:UEP0000000534579 SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:UEP0000 000534579LC NUMBER.M04CN1602NU00192 YOUR REF. I16K	00370290066
05/23			WIRE TYPE:WIRE IN DATE: 160523 TIME:1317 ET TRN:2016052300290065 SEQ:160523571760000I/417988 ORIG:INDUSTRIAL BANK OF KOREA ID:UEP0000000534634 SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:UEP0000 000534634LC NUMBER.M04CN1602NU00192 YOUR REF. I16K	00370290065
05/23			WIRE TYPE:WIRE IN DATE: 160523 TIME:1317 ET TRN:2016052300290056 SEQ:160523571761000I/417990 ORIG:INDUSTRIAL BANK OF KOREA ID:UEP0000000534595 SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:UEP0000 000534595LC NUMBER.M04CN1602NU00192 YOUR REF. I16K	00370290056
05/23			WIRE TYPE:WIRE IN DATE: 160523 TIME:0944 ET TRN:2016052300220494 SEQ:144440790/337855 ORIG:MERINO INDUSTRIES LTD (FO ID:005010300015400 SND BK:HSBC BANK USA, NA ID:0108 PMT DET:1164FIDB1 60300 INV NO 116KSCH029	00370220494
05/23			WIRE TYPE:WIRE IN DATE: 160523 TIME:0845 ET TRN:2016052300198954 SEQ:160523566996000I/308531 ORIG:YESBINBDEL ID:UEP0000000283864 SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:UEP0000000283864LC N UMBER.003LM01153030005 YOUR REF. I15KSCH19304 APPL	00370198954
05/24			WIRE TYPE:WIRE IN DATE: 160524 TIME:1549 ET TRN:2016052400300982 SEQ:160524600193000I/392816 ORIG:NONGHYUP BANK ID:UEP0000000554429 SND BK:WELL S FARGO NY INTL ID:0509 PMT DET:UEP0000000554429LC NUMBER.M036A603NS00251 YOUR REF. 09825901 APPLICA	00370300982
05/24			WIRE TYPE:WIRE IN DATE: 160524 TIME:0506 ET TRN:2016052400123153 SEQ:160524587040000I/168386 ORIG:WPACAU2SXXX ID:TX140727DRU SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:TX140727DRU DRAWER REF.I1 6KSCH04720 DRAWEE.AUSTRALIAN PANEL PRODUCTS PTY LT	00370123153
05/24			Wire In-international WIRE TYPE:INTL IN DATE:160524 TIME:1008 ET TRN:2016052400183495 SEQ:0995H43333-55744/048487 ORIG:1/ASD ORMAN URUNLERI P AZ ID:TR51000120096200 PMT DET: \$30.00 FEE DEDUCTADVANCE PAYMENT /RFB/ADV ANCE PAYMENT	00370183495

CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406

Account Number [REDACTED] 730
01 01 169 05 M0000 E# 0
Last Statement: 04/29/2016
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Deposits and Credits

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05/24			WIRE TYPE:WIRE IN DATE: 160524 TIME:0452 ET TRN:2016052400050403 SEQ:160523574863000I/016091 ORIG:IRVTUS3NXXX ID:TX136100LCU SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:TX136100LCU DRAWER REF I1 6KSCH02895 DRAWEE.DONGGUAN CHEMICALS IMPORT AND EX	00370050403
05/25			Wire In-international WIRE TYPE:INTL IN DATE:160525 TIME:0439 ET TRN:2016052500123231 SEQ:512OR16011222/673356 ORIG:SHENGYI TECHNOLOGY (SUZHO ID:512902111132502 ORIG BK:CHINA MERCHANTS BANK ID:CMBCCNBS275 PMT DET: \$15.00 FEE DEDUCTPAYMENT FOR GOODS	00370123231
05/25			WIRE TYPE:WIRE IN DATE: 160525 TIME:0421 ET TRN:2016052500108136 SEQ:160525618406000I/158534 ORIG:BANK OF TOKYO MITSUBISHI ID:TX144558DRU SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:TX14455 8DRU DRAWER REF. I16KSCH06756 DRAWEE.PT AICA INDON	00370108136
05/25			Wire In-international WIRE TYPE:INTL IN DATE:160525 TIME:1518 ET TRN:2016052500321962 SEQ:CCME/923783/536886 ORIG:FORMILINE INDUSTRIA DE LA ID:55183248001018 ORIG BK:NAME: INTERCAM CORRETORA DE C	00370321962
05/25			WIRE TYPE:WIRE IN DATE: 160525 TIME:0420 ET TRN:2016052500093526 SEQ:160525616454000I/130066 ORIG:SAUDI HOLLANDI BANK ID:TX143555DRU SND BK:WEL LS FARGO NY INTL ID:0509 PMT DET:TX143555DRU DRAWE R REF I16KSCH06050 DRAWEE.MODERN DECOR AND WOOD PR	00370093526
05/25			Wire In-international WIRE TYPE:INTL IN DATE:160525 TIME:0720 ET TRN:2016052500159135 SEQ:00400060243132/776716 ORIG:FANCY PAPER CO.,LTD ID:0017011680 PMT DET: \$3 5.00 FEE DEDUCTGOODS PAYMENT (INV.I16KSCH03646,C/N 42916)	00370159135
05/25			WIRE TYPE:WIRE IN DATE: 160525 TIME:0416 ET TRN:2016052500050677 SEQ:S06614520C4D01/018198 ORIG:THE LAMINEX GROUP ID:776849USD00001 SND BK:CI TIBANK, N.A. ID:0008	00370050677
05/25			WIRE TYPE:WIRE IN DATE: 160525 TIME:1205 ET TRN:2016052500251738 SEQ:2016052500008563/002289 ORIG:STI SUNTRUST INTERNATIONA ID:1707309101700 SND BK:SUNTRUST BANK ID:061000104 PMT DET:30001610 -00	00370251738
05/26			WIRE TYPE:WIRE IN DATE: 160526 TIME:0553 ET TRN:2016052600139279 SEQ:8135091147JS/199160 ORIG:1/MAICA LAMINATES SDN BHD ID:HONG LEONG /26 SND BK:JPMORGAN CHASE BANK, N.A. ID:0002 PMT DET:S WF OF 16/05/26 INVOICE NO I16KSCH07899 TO 07900 /B	00370139279

CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
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05/26			WIRE TYPE:WIRE IN DATE: 160526 TIME:0426 ET TRN:2016052600053548 SEQ:1605256352910001/018139 ORIG:MASHREQBANK.PSC., NEW YOR ID:TX134727LCU SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:TX13472 7LCU DRAWER REF I16KSCH02319 DRAWEE.PAKISTAN FORMI	00370053548
05/26			WIRE TYPE:WIRE IN DATE: 160526 TIME:1323 ET TRN:2016052600278010 SEQ:2016052600138004/384247 ORIG:FORMICOLOR SA ID:CLIE48300175658 SND BK:STAND ARD CHARTERED BANK LIMIT ID:0256 PMT DET:T00122809 8INTERNINVOICE I16KSCH01138 75.00 FEE DEDUCTED	00370278010
05/26			WIRE TYPE:WIRE IN DATE: 160526 TIME:0431 ET TRN:2016052600100009 SEQ:1605266444360001/134447 ORIG:BANK OF TOKYO MITSUBISHI ID:TX144560DRU SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:TX14456 0DRU DRAWER REF.I16KSCH06757 DRAWEE.PT AICA INDONE	00370100009
05/26			WIRE TYPE:WIRE IN DATE: 160526 TIME:0431 ET TRN:2016052600100378 SEQ:1605266444590001/135209 ORIG:BANK OF TOKYO MITSUBISHI ID:TX144485DRU SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:TX14448 5DRU DRAWER REF. I16KSCH06760 DRAWEE.PT AICA INDON	00370100378
05/26			WIRE TYPE:WIRE IN DATE: 160526 TIME:0431 ET TRN:2016052600100380 SEQ:1605266444600001/135210 ORIG:BANK OF TOKYO MITSUBISHI ID:TX144507DRU SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:TX14450 7DRU DRAWER REF.I16KSCH06754 DRAWEE.PT AICA INDONE	00370100380
05/26			WIRE TYPE:WIRE IN DATE: 160526 TIME:0428 ET TRN:2016052600072059 SEQ:1605256416700001/074948 ORIG:INDUSTRIAL BANK OF KOREA ID:UEP0000000534558 SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:UEP0000 000534558LC NUMBER.M04G11604EU00250 YOUR REF. I16K	00370072059
05/26			WIRE TYPE:WIRE IN DATE: 160526 TIME:0500 ET TRN:2016052600129023 SEQ:F1S1605265041800/181819 ORIG:MAICA LAMINATES SDN BHD, ID:107254D SND BK:TH E BANK OF NEW YORK MELLON ID:0001 PMT DET:BAPTK061 743 INV. I16KSCH06655,6656,6657,6658,6659,6660,666	00370129023
05/27			WIRE TYPE:WIRE IN DATE: 160527 TIME:0431 ET TRN:2016052700050807 SEQ:6643890146FS/005115 ORIG:PAPERMIND NORDIC APS ID:DK92547400009143 SND BK:JPMORGAN CHASE BANK, N.A. ID:0002 PMT DET:S WF OF 16/05/25 INVOICE I16KSCH06258	00370050807
05/27			WIRE TYPE:WIRE IN DATE: 160527 TIME:1139 ET TRN:2016052700252665 SEQ:1605276849830001/402097 ORIG:KEB HANA BANK ID:TX142837DRU SND BK:WELLS FAR GO NY INTL ID:0509 PMT DET:TX142837DRU DRAWER REF I16KSCH05919 DRAWEE.SAMWON PAPER CO., LTD. BILL AM	00370252665
05/27			WIRE TYPE:WIRE IN DATE: 160527 TIME:0553 ET TRN:2016052700142382 SEQ:1605276770350001/221530 ORIG:INDUSTRIAL BANK OF KOREA ID:UEP0000000572133 SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:UEP0000 000572133LC NUMBER.M04L81605NS00032 YOUR REF. I16K	00370142382

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Date Posted	Customer Reference	Amount	Description	Bank Reference
05/27			WIRE TYPE:WIRE IN DATE: 160527 TIME:0439 ET TRN:2016052700128688 SEQ:S0661480B55001/193471 ORIG:TIANJIN PACIFIC MILLENNIU ID:7705145530000087 SND BK:CITIBANK, N.A. ID:0008	00370128688
05/27			Wire In-international WIRE TYPE:INTL IN DATE:160527 TIME:0430 ET TRN:2016052500098277 SEQ:AAU04866/250516/489745 ORIG:ROXCEL Handelsgesellschaft ID:AT54310000705057 PMT DET: \$40.00 FEE DEDUCTI16KSCH07442 30917.59 US D 289.73 US	00370098277
05/27			Wire In-international WIRE TYPE:INTL IN DATE:160527 TIME:1737 ET TRN:2016052700394841 SEQ:CCME/924936/537428 ORIG:FORMILINE INDUSTRIA DE LA ID:55183248001018 ORIG BK:NAME: INTERCAM CORRETORA DE C	00370394841
05/27			Wire In-international WIRE TYPE:INTL IN DATE:160527 TIME:1737 ET TRN:2016052700394840 SEQ:CCME/924937/537427 ORIG:FORMILINE INDUSTRIA DE LA ID:55183248001018 ORIG BK:NAME: INTERCAM CORRETORA DE C	00370394840
05/27			Wire In-international WIRE TYPE:INTL IN DATE:160527 TIME:0430 ET TRN:2016052500168353 SEQ:02937165254585RB/568328 ORIG:FORNAROLI CARTA S.P.A. ID:IT79N06385126031 ORIG BK:CASSA DI RISPARMIO IN BOLOGNA ID:IBSPIT2B PMT DET: \$25.00 FEE DEDUCTadvance payment proforma	00370168353
05/31			WIRE TYPE:WIRE IN DATE: 160531 TIME:0311 ET TRN:2016053100240949 SEQ:1605315784150001/288868 ORIG:BANK SINOPAC (CHINA) LTD. ID:UEP0000000486500 SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:UEP0000 000486500LC NUMBER:6C001UL50007 YOUR REF. 097814-0	00370240949
05/31			WIRE TYPE:WIRE IN DATE: 160531 TIME:0640 ET TRN:2016053100317648 SEQ:053116428748/469636 ORIG:ISOLA ASIA PACIFIC ID:2534204055. SND BK:DEUTS CHE BANK TRUST CO. AMERI ID:0103 PMT DET:PAYMENT F OR INV NO:I16KSCH04346 DATED:21/03/2016	00370317648
05/31			WIRE TYPE:WIRE IN DATE: 160531 TIME:0537 ET TRN:2016053100297020 SEQ:1605315887300001/398727 ORIG:HUI SHANG BANK CORPORATION ID:UEP0000000563444 SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:UEP0000 000563444LC NUMBER.LC128001600023 YOUR REF. I16KSC	00370297020
05/31			Wire In-international WIRE TYPE:INTL IN DATE:160531 TIME:0301 ET TRN:2016052600140667 SEQ:02937165265474RB/570475 ORIG:FORNAROLI CARTA S.P.A. ID:IT79N06385126031 ORIG BK:CASSA DI RISPARMIO IN BOLOGNA ID:IBSPIT2B PMT DET: \$25.00 FEE DEDUCTadvance payment proforma	00370140667

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DEPOSITORY + ACCOUNT

Deposits and Credits

Date Posted	Customer Reference	Amount	Description	Bank Reference
05/31	[REDACTED]		WIRE TYPE:WIRE IN DATE: 160531 TIME:1257 ET TRN:2016053100482204 SEQ:1605316024880001/714720 ORIG:INDUSTRIAL BANK OF KOREA ID:UEP0000000545136 SND BK:WELLS FARGO NY INTL ID:0509 PMT DET:UEP0000 000545136LC NUMBER.M04G11604EU00250 YOUR REF. I16K	00370482204

Withdrawals and Debits

Other Debits

Date Posted	Customer Reference	Description	Bank Reference
05/02	[REDACTED]	Transfer Debit	CUR TO 8670306540 00722089075
05/03	[REDACTED]	Transfer Debit	CUR TO 8670306540 00722074919
05/04	[REDACTED]	Transfer Debit	CUR TO 8670306540 00722055957
05/05	[REDACTED]	Transfer Debit	CUR TO 8670306540 00722054502
05/06	[REDACTED]	Transfer Debit	CUR TO 8670306540 00722056443
05/09	[REDACTED]	Transfer Debit	CUR TO 8670306540 00722085581
05/10	[REDACTED]	Transfer Debit	CUR TO 8670306540 00722072066
05/11	[REDACTED]	Transfer Debit	CUR TO 8670306540 00722054142
05/12	[REDACTED]	Transfer Debit	CUR TO 8670306540 00722053189
05/13	[REDACTED]	Transfer Debit	CUR TO 8670306540 00722054862
05/16	[REDACTED]	Transfer Debit	CUR TO 8670306540 00722086579
05/17	[REDACTED]	Transfer Debit	CUR TO 8670306540 00722070839
05/18	[REDACTED]	Transfer Debit	CUR TO 8670306540 00722052990
05/19	[REDACTED]	Transfer Debit	CUR TO 8670306540 00722052084
05/20	[REDACTED]	Transfer Debit	CUR TO 8670306540 00722054904
05/23	[REDACTED]	Transfer Debit	CUR TO 8670306540 00722083644
05/24	[REDACTED]	Transfer Debit	CUR TO 8670306540 00722070123
05/25	[REDACTED]	Transfer Debit	CUR TO 8670306540 00722053390
05/26	[REDACTED]	Transfer Debit	CUR TO 8670306540 00722052791
05/27	[REDACTED]	Transfer Debit	CUR TO 8670306540 00722054433
05/31	[REDACTED]	Transfer Debit	CUR TO 8670306540 00722102154

Daily Balances

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
04/29	[REDACTED]	[REDACTED]			

CUSTOMER CONNECTION
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DNP

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1-888-400-9009

KAPSTONE RECEIVABLES, LLC

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IMPORTANT INFORMATION

CHANGE OF ADDRESS. Please call us at the customer service telephone number listed on the front of this statement to tell us about a change of address.

TERMS AND CONDITIONS. All deposits to, withdrawals from, or other transactions pertaining to your account(s) are subject to the terms and conditions of the agreement you received when you opened your account and any amendments thereto. Amendments to the agreement may be made from time to time in the manner stated therein.

IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR ELECTRONIC TRANSFERS. If you think your statement or receipt is wrong or if you need more information about an electronic transfer (e.g., ATM transactions, direct deposits or withdrawals, point-of-sale transactions) on the statement or receipt, telephone or write us at the address or number listed on the front of this statement as soon you can. We must hear from you no later than 60 days after we sent you the FIRST statement on which the error or problem appeared.

- * Tell us your name and account number
- * Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe there is an error or why you need more information
- * Tell us the dollar amount of the suspected error.

For consumer accounts used primarily for personal, family or household purposes, we will investigate your complaint and will correct any error promptly. If we take more than 10 business days (20 business days if you are a new customer, for electronic transfers occurring during the first 30 days after the first deposit is made to your account), to do this, we will re-credit your account for the amount you think is in error so that you will have use of the money during the time it takes us to complete our investigation.

For other accounts, we investigate, and if we find we have made an error, we will make the appropriate adjustment to your account at the conclusion of our investigation.

DIRECT DEPOSITS.

If you have arranged to have direct deposits made to your account at least once every 60 days from the same person or company, you may call us at the telephone number listed on the front of this statement to find out if the deposit was made as scheduled.

REPORTING OTHER PROBLEMS.

You must examine your statement carefully and promptly. You are in the best position to discover errors and unauthorized transactions on your account. If you fail to notify us in writing of suspected problems or unauthorized transactions within the time periods specified in the deposit agreement (which periods are no more than 60 days after we make the statement available to you and in some cases are 30 days or less), we are not liable to you for, and you agree not to make a claim against us for the problems or unauthorized transactions.

Balance Sheet as of 12/31/2016

	KPPC	KKPC	KCK
Assets			
Current assets:			
Cash and cash equivalents	\$ 29,385	\$ -	\$ -
Trade accounts receivable (Includes \$368,922 at December 31, 2016, and \$345,372 at December 31, 2015, associated with the securitization facility)	392,962	1,120	4,579
Other receivables	13,562	3,225	2,455
Inventories	322,664	80,636	55,315
Prepaid expenses and other current assets	10,247	3,701	3,034
Total current assets	768,820	88,683	65,383
Plant, property and equipment, net	1,441,557	519,975	364,506
Other assets	25,468	2,310	-
Intangible assets, net	314,413	2,077	2,077
Goodwill	705,617	54,512	4,812
Total assets	\$ 3,255,875	\$ 667,557	\$ 436,779
Liabilities and Stockholders' Equity			
Current liabilities:			
Short-term borrowings	\$ -	\$ -	\$ -
Other current borrowings	-	-	-
Dividend payable	10,052	-	-
Accounts payable	189,350	29,100	19,932
Accrued expenses	76,480	36,687	17,557
Accrued compensation costs	48,840	8,933	3,409
Accrued income taxes	15,971	-	-
Total current liabilities	340,693	74,720	40,898
Other liabilities:			
Long-term debt (Includes \$269,273 at December 31, 2016, and \$265,614 at December 31, 2015, associated with the securitization facility)	1,485,323	1,216,365	-
Pension and postretirement benefits	34,207	34,207	-
Deferred income taxes	405,561	-	-
Other liabilities	85,761	49,040	20,055
Total other liabilities	2,010,852	1,299,612	20,055
Intercompany accounts with parent	-	190,409	(152,436)
Investment by parent	-	(1,541,366)	-
Stockholders' equity:			
Preferred stock \$0.0001 par value; 1,000,000 shares authorized; no shares issued and outstanding	-	-	-
Common stock - \$0.0001 par value; 175,000,000 shares authorized; 96,639,920 shares issued and outstanding (excluding 40,000 treasury shares) at December 31, 2016 and 96,327,506 shares issued and outstanding (excluding 40,000 treasury shares) at December 31, 2015	10	-	-
Additional paid-in-capital	275,970	-	-
Retained earnings	689,668	710,141	528,262
Accumulated other comprehensive loss	(61,318)	(65,959)	-
Total stockholders' equity	904,330	644,182	528,262
Total liabilities and stockholders' equity	\$ 3,255,875	\$ 667,557	\$ 436,779

Income Statement

Year Ended December 31, 2016

	KPPC	KKPC	KCK
Net sales	\$ 3,077,257	\$ 871,418	\$ 584,197
Cost of sales, excluding depreciation and amortization	2,214,872	613,186	457,997
Depreciation and amortization	182,213	56,936	39,683
Freight and distribution expenses	279,023	75,116	44,495
Selling, general, and administrative expenses	224,127	9,140	9,503
Multiemployer pension plan withdrawal expense	6,376	6,376	-
Operating income	170,646	110,664	32,519
Foreign exchange loss	2,255	470	188
Equity method investments income	(548)	-	-
Loss on debt extinguishment	679	679	-
Interest expense, net	40,078	37,386	-
Management fees to parent company	-	9,018	-
Loss on sale of receivables to KRC	-	7,834	4,836
Income before provision for income taxes	128,182	55,277	27,495
Provision for income taxes	41,930	18,076	8,991
Net income	\$ 86,252	\$ 37,201	\$ 18,504
Weighted average number of shares outstanding:			
Basic	96,533,368		
Diluted	97,777,066		
Net income per share:			
Basic	\$ 0.89		
Diluted	\$ 0.88		
Dividends declared per common share	\$ 0.40		

Form **8453-C****U.S. Corporation Income Tax Declaration
for an IRS e-file Return**

OMB No. 1545-0123

Department of the Treasury
Internal Revenue Service

► 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

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	545,887,375.
2	Taxable income (Form 1120, line 30)	2	146,476,224.
3	Total tax (Form 1120, line 31)	3	50,246,089.
4	Amount owed (Form 1120, line 34)	4	
5	Overpayment (Form 1120, line 35)	5	3,325,915.

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 *[Signature]* 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	<i>[Signature]</i>	Date	10-12-17	Check if also paid preparer	☒	Check if self-employed	☐	ERO's SSN or PTIN	P00372142	
	Firm's name (or yours if self-employed), address, and ZIP code	ERNST & YOUNG U.S. LLP 155 NORTH WACKER DRIVE CHICAGO, IL 60606								EIN	34-6565596
										Phone no.	312-879-2000

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 address				
				Firm's EIN	
				Phone no.	

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Form **8453-C** (2016)JSA
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CONFIDENTIAL/PROPRIETARY
Subject to Confidentiality Agreement8
KAPSTONE-002668

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. 1545-0023

2016

A Check if: ☒ 1a Consolidated return (attach Form 951) ☐ 1b Nonconsolidated return ☐ 2 Personal holding company (attach Schedule PH) ☐ 3 Personal service corporation (see instructions)		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) \$ 3,244,694,289
4 Schedule M-3 attached ☒		E Check if: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change	

Income	1a Gross receipts or sales	1a	3,087,594,310.
	b Returns and allowances	1b	76,286,525.
	c Balance. Subtract line 1b from line 1a	1c	3,011,307,785.
	2 Cost of goods sold (attach Form 1125-A)	2	2,470,897,496.
	3 Gross profit. Subtract line 2 from line 1c	3	540,410,289.
	4 Dividends (Schedule C, line 19)	4	254,638.
	5 Interest	5	86,310.
	6 Gross rents	6	
	7 Gross royalties	7	
	8 Capital gain net income (attach Schedule D (Form 1120))	8	4,416,712.
	9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)	9	-1,552,878.
10 Other income (see instructions - attach statement)	10	2,272,304.	
11 Total income. Add lines 3 through 10	11	545,887,375.	
Deductions (See instructions for limitations on deductions.)	12 Compensation of officers (see instructions - attach Form 1125-E)	12	5,418,578.
	13 Salaries and wages (less employment credits)	13	163,820,924.
	14 Repairs and maintenance	14	2,309,080.
	15 Bad debts	15	1,249,546.
	16 Rents	16	56,895,612.
	17 Taxes and licenses	17	28,004,850.
	18 Interest	18	35,370,286.
	19 Charitable contributions	19	458,362.
	20 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)	20	8,467,519.
	21 Depletion	21	
	22 Advertising	22	19,145,404.
	23 Pension, profit-sharing, etc., plans	23	-2,829,885.
	24 Employee benefit programs	24	56,878,559.
	25 Domestic production activities deduction (attach Form 8903)	25	14,486,660.
	26 Other deductions (attach statement)	26	9,735,656.
	27 Total deductions. Add lines 12 through 26	27	399,411,151.
	28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11	28	146,476,224.
Tax, Refundable Credits, and Payments	29a Net operating loss deduction (see instructions)	29a	
	b Special deductions (Schedule C, line 20)	29b	
	c Add lines 29a and 29b	29c	
30 Taxable income. Subtract line 29c from line 28. See instructions	30	146,476,224.	
31 Total tax (Schedule J, Part I, line 11)	31	50,246,089.	
32 Total payments and refundable credits (Schedule J, Part II, line 21)	32	53,713,019.	
33 Estimated tax penalty. See instructions. Check if Form 2220 is attached ☒	33	141,015.	
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	3,325,915.	
36 Enter amount from line 35 you want credited to 2017 estimated tax	36	3,325,915. Refunded	

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.		May the IRS discuss this return with the preparer shown below? See instructions. ☒ Yes ☐ No
	Signature of officer: Mark Niehus Date: 10/12/2017	Title: VP & Controller	
Paid Preparer Use Only	Print/Type preparer's name: THOMAS M FISKE Firm's name: ERNST & YOUNG U.S. LLP Firm's address: 155 NORTH WACKER DRIVE CHICAGO, IL 60606	Preparer's signature: <i>Thomas M Fiske</i> Date: 10-12-17	Check ☐ if self-employed PTIN: P00372142 Firm's EIN: 34-6565596 Phone no: 312-879-2000

For Paperwork Reduction Act Notice, see separate instructions.

Form 1120 (2016)

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) ☒ b Life/nonlife consolidated return ☐ 2 Personal holding co. (attach Sch. PH) ☐ 3 Personal service corp. (see instructions) ☐		TYPE OR PRINT	Name Kapstone Paper & Packaging Corporation & Subs	B Employer identification number 20-2699372
Number, street, and room or suite no. If a P.O. box, see instructions. 1101 Skokie Blvd Suite #300			C Date incorporated 04/15/2005	
City or town, state, or province, country, and ZIP or foreign postal code Northbrook, IL 60062			D Total assets (see instructions) \$ 3,244,694,289.	
4 Schedule M-3 attached ☒				

E Check if:		(1)	Initial return	(2)	Final return	(3)	Name change	(4)	Address change
Income	1a	Gross receipts or sales	1a	3,087,594,310.					
	b	Returns and allowances	1b	76,286,525.					
	c	Balance. Subtract line 1b from line 1a	1c	3,011,307,785.					
	2	Cost of goods sold (attach Form 1125-A)	2	2,470,897,496.					
	3	Gross profit. Subtract line 2 from line 1c	3	540,410,289.					
	4	Dividends (Schedule C, line 19)	4	254,638.					
	5	Interest	5	86,310.					
	6	Gross rents	6						
	7	Gross royalties	7						
	8	Capital gain net income (attach Schedule D (Form 1120))	8	4,416,712.					
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)	9	-1,552,878.					
10	Other income (see instructions - attach statement)	10	See Statement. 3.						
11	Total income. Add lines 3 through 10	11	545,887,375.						
Deductions (See instructions for limitations on deductions.)	12	Compensation of officers (see instructions - attach Form 1125-E)	12	5,418,578.					
	13	Salaries and wages (less employment credits)	13	163,820,924.					
	14	Repairs and maintenance	14	2,309,080.					
	15	Bad debts	15	1,249,546.					
	16	Rents	16	56,895,612.					
	17	Taxes and licenses	17	28,004,850.					
	18	Interest	18	35,370,286.					
	19	Charitable contributions	19	458,362.					
	20	Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)	20	8,467,519.					
	21	Depletion	21						
	22	Advertising	22	19,145,404.					
	23	Pension, profit-sharing, etc., plans	23	-2,829,885.					
	24	Employee benefit programs	24	56,878,559.					
	25	Domestic production activities deduction (attach Form 8903)	25	14,486,660.					
	26	Other deductions (attach statement)	26	9,735,656.					
	27	Total deductions. Add lines 12 through 26	27	399,411,151.					
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11	28	146,476,224.					
Tax, Refundable Credits, and Payments	29a	Net operating loss deduction (see instructions)	29a						
	b	Special deductions (Schedule C, line 20)	29b						
	c	Add lines 29a and 29b	29c						
30	Taxable income. Subtract line 29c from line 28. See instructions	30	146,476,224.						
31	Total tax (Schedule J, Part I, line 11)	31	50,246,089.						
32	Total payments and refundable credits (Schedule J, Part II, line 21)	32	53,713,019.						
33	Estimated tax penalty. See instructions. Check if Form 2220 is attached ☒	33	141,015.						
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	3,325,915.						
36	Enter amount from line 35 you want: Credited to 2017 estimated tax 3,325,915. Refunded	36							

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.

Sign Here	Signature of officer <u>Mark Niehus</u>	Date <u>10/12/2017</u>	Title <u>VP & Controller</u>	May the IRS discuss this return with the preparer shown below? See instructions. ☒ Yes ☐ No
Paid Preparer Use Only	Print/Type preparer's name <u>THOMAS M FISKE</u>	Preparer's signature	Date <u>10/12/2017</u>	Check ☐ if self-employed PTIN <u>P00372142</u>
	Firm's name <u>ERNST & YOUNG U.S. LLP</u>	Firm's EIN <u>34-6565596</u>		
	Firm's address <u>155 NORTH WACKER DRIVE CHICAGO, IL 60606</u>	Phone no. <u>312-879-2000</u>		

For Paperwork Reduction Act Notice, see separate instructions. Form **1120** (2016)

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)		70	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations		see instructions	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8 Dividends from wholly owned foreign subsidiaries		100	
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		100	
11 Dividends from affiliated group members		100	
12 Dividends from certain FSCs		100	
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), ...	187,466.		
15 Foreign dividend gross-up	67,172.		
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	254,638.		
20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b			

Form 1120 (2016)

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 instructions		
2	Income tax. Check if a qualified personal service corporation. See instructions.		2 51,266,678.
3	Alternative minimum tax (attach Form 4626)		3 NONE
4	Add lines 2 and 3		4 51,266,678.
5a	Foreign tax credit (attach Form 1118)	5a	NONE
b	Credit from Form 8834 (see instructions)	5b	
c	General business credit (attach Form 3800)	5c	1,020,589.
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	6	1,020,589.
7	Subtract line 6 from line 4	7	50,246,089.
8	Personal holding company tax (attach Schedule PH (Form 1120)).	8	
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	10	
11	Total tax. Add lines 7, 8, and 10. Enter here and on page 1, line 31	11	50,246,089.

Part II-Payments and Refundable Credits

12	2015 overpayment credited to 2016	12	1,737,256.
13	2016 estimated tax payments	13	50,400,000.
14	2016 refund applied for on Form 4466	14	()
15	Combine lines 12, 13, and 14	15	52,137,256.
16	Tax deposited with Form 7004	16	1,000,000.
17	Withholding (see instructions)	17	
18	Total payments. Add lines 15, 16, and 17.	18	53,137,256.
19	Refundable credits from:		
a	Form 2439	19a	
b	Form 4136	19b	575,763.
c	Form 8827, line 8c.	19c	
d	Other (attach statement - see instructions).	19d	
20	Total credits. Add lines 19a through 19d	20	575,763.
21	Total payments and credits. Add lines 18 and 20. Enter here and on page 1, line 32	21	53,713,019.

Schedule K Other Information (see instructions)

1	Check accounting method: a ☐ Cash b ☒ Accrual c ☐ Other (specify) ▶	Yes	No
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? If "Yes," enter name and EIN of the parent corporation ▶		X
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

Form 1120 (2016)

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.

X

If "Yes," complete (i) through (iv) below.

See Statement 15

(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.

X

If "Yes," complete (i) through (iv) below.

See Statement 16

(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.

- 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 ▶

- 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 ▶ \$

- 14 Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement? See instructions

If "Yes," complete and attach Schedule UTP.

- 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		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		5,992,926.		28,839,600.
2a	Trade notes and accounts receivable . .	360,638,884.		386,482,938.	
b	Less allowance for bad debts	(2,994,109.)	357,644,775.	(3,186,029.)	383,296,909.
3	Inventories	Stmt 21	319,138,767.		317,680,714.
4	U.S. government obligations				
5	Tax-exempt securities (see instructions) .				
6	Other current assets (attach statement) .	Stmt 22	36,512,774.		21,252,608.
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement) .	Stmt 25	7,782,453.		21,217,926.
10a	Buildings and other depreciable assets . .	1,860,295,100.		2,016,175,152.	
b	Less accumulated depreciation	(531,119,423.)	1,329,175,677.	(653,231,576.)	1,362,943,576.
11a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)		75,032,670.		76,704,089.
13a	Intangible assets (amortizable only) . .	1,135,468,124.		1,138,588,454.	
b	Less accumulated amortization	(85,663,189.)	1,049,804,935.	(118,558,931.)	1,020,029,523.
14	Other assets (attach statement)	Stmt 28	11,478,627.		12,729,344.
15	Total assets		3,192,563,604.		3,244,694,289.
Liabilities and Shareholders' Equity					
16	Accounts payable		201,080,639.		187,331,842.
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach statement)	Stmt 31	169,579,403.		149,595,734.
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more	Stmt 38	1,543,747,675.		1,485,322,599.
21	Other liabilities (attach statement) . .	Stmt 39	435,251,734.		521,904,655.
22	Capital stock: a Preferred stock				
b	Common stock	9,287.	9,287.	9,667.	9,667.
23	Additional paid-in capital		266,220,191.		275,969,406.
24	Retained earnings - Appropriated (attach statement)				
25	Retained earnings - Unappropriated . .		639,930,486.		685,878,215.
26	Adjustments to shareholders' equity (attach statement)	Stmt 42	-63,255,811.		-61,317,829.
27	Less cost of treasury stock				
28	Total liabilities and shareholders' equity		3,192,563,604.		3,244,694,289.

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): a Depreciation \$ _____ b Charitable contributions . . \$ _____	
5	Expenses recorded on books this year not deducted on this return (itemize): a Depreciation \$ _____ b Charitable contributions . . \$ _____ c Travel and entertainment . \$ _____		9	Add lines 7 and 8	
6	Add lines 1 through 5		10	Income (page 1, line 28) - line 6 less line 9	

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1	Balance at beginning of year	639,930,486.	5	Distributions: a Cash	38,889,522.
2	Net income (loss) per books	84,837,242.		b Stock	
3	Other increases (itemize): _____			c Property	
			6	Other decreases (itemize): _____	133,612,883.
		133,612,892.	7	Add lines 5 and 6	172,502,405.
4	Add lines 1, 2, and 3	858,380,620.	8	Balance at end of year (line 4 less line 7)	685,878,215.

**SCHEDULE G
(Form 1120)**(Rev. December 2011)
Department of the Treasury
Internal Revenue Service
Name**Information on Certain Persons Owning the
Corporation's Voting Stock**▶ Attach to Form 1120.
▶ See instructions on page 2.

OMB No. 1545-0123

Employer identification number (EIN)

Kapstone Paper & Packaging Corporation & Subs

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

Employer identification number (EIN)

Kapstone Paper & Packaging Corporation & Subs

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)? 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).		X
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)? If "Yes," see instructions for required statement.		X
4a Was the corporation a U.S. shareholder of any controlled foreign corporation (CFC)? (See sections 951 and 957.) If "Yes," attach Form 5471 , Information Return of U.S. Persons With Respect to Certain Foreign Corporations, for each CFC.	X	
b Enter the number of Forms 5471 attached to the tax return ▶ <u>4</u>		
5 During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the corporation may have to file Form 3520 , Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts.		X
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? See the instructions for exceptions and filing requirements for FinCEN Form 114 , Report of Foreign Bank and Financial Accounts (FBAR). See Statement 47 .	X	
b If "Yes," enter the name of the foreign country ▶ <u>BE TW MX</u>		
7a Is the corporation claiming the extraterritorial income exclusion? If "Yes," attach a separate Form 8873 , Extraterritorial Income Exclusion, for each transaction or group of transactions.		X
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

For Paperwork Reduction Act Notice, see the Instructions for Form 1120.

Schedule N (Form 1120) 2016

Alternative Minimum Tax - Corporations

OMB No. 1545-0123

2016

► Attach to the corporation's tax return.

► Information about Form 4626 and its separate instructions is at www.irs.gov/form4626.

Name

Employer identification number

Kapstone Paper & Packaging Corporation & Subs

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	1	146,476,224.
2	Adjustments and preferences:		
a	Depreciation of post-1986 property	2a	24,352,129.
b	Amortization of certified pollution control facilities	2b	
c	Amortization of mining exploration and development costs	2c	
d	Amortization of circulation expenditures (personal holding companies only)	2d	
e	Adjusted gain or loss	2e	
f	Long-term contracts	2f	
g	Merchant marine capital construction funds	2g	
h	Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only)	2h	
i	Tax shelter farm activities (personal service corporations only)	2i	
j	Passive activities (closely held corporations and personal service corporations only)	2j	
k	Loss limitations	2k	
l	Depletion	2l	
m	Tax-exempt interest income from specified private activity bonds	2m	
n	Intangible drilling costs	2n	
o	Other adjustments and preferences See Statement 50.	2o	-605,217.
3	Pre-adjustment alternative minimum taxable income (AMTI). Combine lines 1 through 2o	3	170,223,136.
4	Adjusted current earnings (ACE) adjustment:		
a	ACE from line 10 of the ACE worksheet in the instructions	4a	166,746,079.
b	Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount. See instructions	4b	-3,477,057.
c	Multiply line 4b by 75% (0.75). Enter the result as a positive amount	4c	2,607,793.
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	1,418,667.
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 }	4e	-1,418,667.
5	Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe any AMT.	5	168,804,469.
6	Alternative tax net operating loss deduction. See instructions	6	
7	Alternative minimum taxable income. Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see instructions	7	168,804,469.
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-	8c	NONE
9	Subtract line 8c from line 7. If zero or less, enter -0-	9	168,804,469.
10	Multiply line 9 by 20% (0.20).	10	33,760,894.
11	Alternative minimum tax foreign tax credit (AMTFTC). See instructions	11	NONE
12	Tentative minimum tax. Subtract line 11 from line 10.	12	33,760,894.
13	Regular tax liability before applying all credits except the foreign tax credit	13	51,266,678.
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	14	NONE

For Paperwork Reduction Act Notice, see separate instructions.

Form **4626** (2016)

JSA

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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	170,223,136.
2	ACE depreciation adjustment:		
a	AMT depreciation	2a	73,056,387.
b	ACE depreciation:		
	(1) Post-1993 property	2b(1)	73,056,387.
	(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)	73,056,387.
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	-3,477,057.
e	Installment sales	5e	
f	Total other E&P adjustments. Combine lines 5a through 5e	5f	-3,477,057.
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	166,746,079.

Form **4136****Credit for Federal Tax Paid on Fuels**

OMB No. 1545-0162

Department of the Treasury
Internal Revenue Service (99)► Information about Form 4136 and its separate instructions is at www.irs.gov/form4136.**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	\$.183	17652	\$ 3,230.	362
b	Use on a farm for farming purposes	.183			
c	Other nontaxable use (see Caution above line 1)	.183			
d	Exported	.184			411

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)	\$.15		\$	354
b	Other nontaxable use (see Caution above line 1)	.193			324
c	Exported	.194			412
d	LUST tax on aviation fuels used in foreign trade	.001			433

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	\$.243		\$	360
b	Use on a farm for farming purposes	.243			
c	Use in trains	.243			
d	Use in certain intercity and local buses (see Caution above line 1)	.17			350
e	Exported	.244			413

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	\$.243		\$	346
b	Use on a farm for farming purposes	.243			
c	Use in certain intercity and local buses (see Caution above line 1)	.17			
d	Exported	.244			414
e	Nontaxable use taxed at \$.044	.043			377
f	Nontaxable use taxed at \$.219	.218			369

For Paperwork Reduction Act Notice, see the separate instructions.

Form **4136** (2016)

JSA

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Subject to Confidentiality Agreement

20-2699372

KAPSTONE-002679

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	\$.200		\$	417
b	Kerosene used in commercial aviation (other than foreign trade) taxed at \$.219	.175			355
c	Nontaxable use (other than use by state or local government) taxed at \$.244	.243			346
d	Nontaxable use (other than use by state or local government) taxed at \$.219	.218			369
e	LUST tax on aviation fuels used in foreign trade	.001			433

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	\$.243		\$	360
b Use in certain intercity and local buses	.17			350

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	\$.243		\$	
b Sales from a blocked pump	.243			346
c Use in certain intercity and local buses	.17			347

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	\$.175		\$	355
b	Use in commercial aviation (other than foreign trade) taxed at \$.244	.200			417
c	Nonexempt use in noncommercial aviation	.025			418
d	Other nontaxable uses taxed at \$.244	.243			346
e	Other nontaxable uses taxed at \$.219	.218			369
f	LUST tax on aviation fuels used in foreign trade	.001			433

Form 4136 (2016)

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	\$ 1.00		\$	388
b Agri-biodiesel mixtures	\$ 1.00			390
c Renewable diesel mixtures	\$ 1.00			307

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)		\$.183		\$	419
b "P Series" fuels		.183			420
c Compressed natural gas (CNG) (see instructions)		.183			421
d Liquefied hydrogen		.183			422
e Fischer-Tropsch process liquid fuel from coal (including peat)		.243			423
f Liquid fuel derived from biomass		.243			424
g Liquefied natural gas (LNG) (see instructions)		.243			425
h Liquefied gas derived from biomass		.183			435

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)	\$.50	1145065	\$ 572,533.	426
b "P Series" fuels	.50			427
c Compressed natural gas (CNG) (see instructions)	.50			428
d Liquefied hydrogen	.50			429
e Fischer-Tropsch process liquid fuel from coal (including peat)	.50			430
f Liquid fuel derived from biomass	.50			431
g Liquefied natural gas (LNG) (see instructions)	.50			432
h Liquefied gas derived from biomass	.50			436
i Compressed gas derived from biomass	.50			437

Form 4136 (2016)

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	\$.243		\$	360
b Kerosene sold for the exclusive use of a state or local government	.243			346
c Kerosene for use in aviation sold for the exclusive use of a state or local government taxed at \$.219	.218			369

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		\$.197		\$	309
b Exported		.198			306

15 Diesel-Water Fuel Emulsion Blending

Registration No. ►

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
Blender credit	\$.046		\$	310

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	\$.001		\$	415
b Exported dyed kerosene	.001			416

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

\$

575,763.

Form **4136** (2016)

**SCHEDULE B
(Form 1120)**

(Rev. December 2014)
Department of the Treasury
Internal Revenue Service
Name

Additional Information for Schedule M-3 Filers

► Attach to Form 1120.
► See instructions on page 2.

OMB No. 1545-0123

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

For Paperwork Reduction Act Notice, see the Instructions for Form 1120.

Schedule B (Form 1120) (Rev. 12-2014)

Affiliations Schedule

For tax year ending 12/31/2016

OMB No. 1545-0123

► **File with each consolidated income tax return.**

► **Information about Form 851 and its instructions is at www.irs.gov/form851.**

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		32,137,256.	1,000,000.
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.)			32,137,256.	1,000,000.

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?		Stock holdings at beginning of year			
			Yes	No	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

JSA 6C2010 2.000 For Paperwork Reduction Act Notice, see instructions.

Form **851** (Rev. 10-2016)

0001WD F89C 10/13/2017 19:18 CONFIDENTIAL-PROPRIETARY

KAPSTONE-002684

Subject to Confidentiality Agreement

BBVA COMPASS FINANCIAL CORPORATION

ADDENDUM TO EQUIPMENT SCHEDULE NO. 0033 (648-0001)

executed pursuant to that certain Master Lease Agreement No. 516 dated as of December 31, 2013 and amendment dated May 10, 2016 (the "Lease"; which is incorporated herein by reference). To the extent of any conflict or inconsistency between the terms of this Addendum to Equipment Schedule and the Equipment Schedule or Lease, the terms of this Addendum shall prevail. Capitalized terms used herein without definition shall have the meaning given such terms in the Lease.

1. EQUIPMENT. The Equipment accepted hereunder is set forth in the Schedule of Equipment attached hereto.

2. BASE LEASE COMMENCEMENT DATE: 10/01/2016

3. RENT. From and after the Base Lease Commencement Date, the monthly rent for said Equipment during the term of this Lease shall be \$9,144.52 computed based on a lease rate factor of 2.154973% of the Total Invoice Cost. Rent payments shall be made, in **Advance**, on the first day of the month for each month during the term of the Lease.

This lease rate factor above is computed as follows:

Lease rate factor in original Equipment Schedule	A			2.151652%
2 Year Interest Rate Swaps Rate in original Equipment Schedule	B	0.92		
2 Year Interest Rate Swaps Rate as of 9/29/2016	C	1.01		
Number of basis points Change In Interest Rate Swaps Rate	C - B = D		9	
Rate of Change in lease rate factor per basis point change in Interest Rate Swaps Rate	E		0.000369%	
Change in lease rate factor	D * E = F		0.003321%	
Final lease rate factor	A + F			2.154973%
Final Equipment Cost				424,345.00
Final Rent				\$ 9,144.52

Lessor

BBVA COMPASS FINANCIAL CORPORATION

By: Mark S. Marinik

Name: Mark S. Marinik
Executive Vice President

Title: _____

Lessee

Kapstone Charleston Kraft LLC

By: Eric Choltco

Name: Eric Choltco

Title: Director

BBVA COMPASS FINANCIAL CORPORATION

EQUIPMENT SCHEDULE NO. 0033

executed pursuant to that certain Master Lease Agreement No. 516 dated as of December 31, 2013 (the "**Lease**"; which is incorporated herein by reference). This Equipment Schedule, incorporating by reference the terms and conditions of the Lease, constitutes a separate instrument of lease. To the extent of any conflict or inconsistency between the terms of this Equipment Schedule and the Lease, the terms of this Equipment Schedule shall prevail. Capitalized terms used herein without definition shall have the meaning given such terms in the Lease.

1. **EQUIPMENT.** The Equipment leased hereunder, and the Total Invoice Cost of such Equipment, shall be as set forth in each Certificate of Delivery and Acceptance executed pursuant hereto. During the period between the date of this Equipment Schedule and the Base Lease Commencement Date, subject to satisfaction of all conditions precedent Lessor shall pay Linder Industrial Machinery Company for a Komatsu model WA500-8 wheel loader, S/N A96066, not to exceed a total of **\$424,345.00**, approved by Lessee, acceptable to Lessor and submitted to Lessor subject to an executed Certificate of Delivery and Acceptance substantially in the form of Exhibit A and other appropriate documentation reasonably acceptable to Lessor.

2. **TERM.** Upon and after the date of execution of the Certificate of Delivery and Acceptance with respect thereto, the Equipment shall be subject to the terms and conditions provided herein and in the Lease. On or before the Base Lease Commencement Date, the parties shall enter into an Addendum, in the form attached hereto as Exhibit B (the "**Addendum**") setting forth in detail the matters described thereon.

A full term of lease with respect to said Equipment shall commence on the date of acceptance contained in the Certificate of Delivery and Acceptance with respect thereto and shall extend for **forty-eight (48) months** after the first day of the next month after the last Certificate of Delivery and Acceptance is executed signifying completion of delivery of said Equipment (the "**Base Lease Commencement Date**").

3. **RENT.** (a) During the period from the date of execution of the Certificate of Delivery and Acceptance with respect to certain items of Equipment to the Base Lease Commencement Date (the "**Interim Term**"), the pro-rated daily rent for said Equipment shall be computed as **02.151652%** of the Total Invoice Cost specified on the Certificate of Delivery and Acceptance with respect thereto. This pro-rated payment shall be made on the last day of the month for each month during the Interim Term.

(b) From and after the Base Lease Commencement Date, the monthly rent for said Equipment during the term of this Lease shall be computed based on a lease rate factor of **02.151652%** of the Total Invoice Cost. Rent payments shall be made, in advance, on the first day of the month for each month during the term of this Lease.

(c) On or prior to the Base Lease Commencement Date, the aforesaid lease rate factor shall be adjusted (but shall remain fixed during the term of the Lease) so that for each basis point (.01%) change in the Interest Rate Swaps Rate (determined as set forth below) from **.92%** (the "Reference Rate"), the lease rate factor shown hereinabove shall be changed by **.000369%**; provided, however, that said Interest Rate Swaps Rate shall not be less than **.05%**. As used herein, the "Interest Rate Swaps Rate" shall be equal to the rate for Interest rate swaps, having a term of **two** years as stated in the column in Federal Reserve Statistical Release H.15 for the Base Lease Commencement Date or, if no rate is published for such date, then the rate for the Business Day immediately preceding the Base Lease Commencement Date. Lessor reserves the right to adjust the Stipulated Loss Values, the Early Buy-out and/or Early Termination percentage factors, if any, if there is a change of five basis points (.05%) or more in the Interest Rate Swaps Rate from that of the Reference Rate. In addition, Lessor shall promptly notify Lessee in writing of the new lease rate factor and the resultant monthly rental once determined in accordance with this section. Lessee's failure to object to the revised lease rate factor and monthly rental within ten (10) business days of its receipt of such notice or Lessee's payment of Lessor's invoice of the revised rental amount shall constitute Lessee's irrevocable acceptance of Lessor's calculations. Lessee and Lessor agree that such notice shall not constitute a modification for which a writing signed by both parties could be required.

4. **LOCATION OF EQUIPMENT.** The location of the Equipment (or the location of the principal garage of the Equipment, if the Equipment is mobile) is specified on the Certificate of Delivery and Acceptance with respect thereto.

5. **MACRS YEAR-CLASS PROPERTY.** For purposes of this Schedule, Lessor has assumed that the Equipment shall be (7) -year property as referenced in Section 14(a) of the Lease.

The lease rate factor set forth above assumes that the Equipment qualifies for the 50% bonus depreciation described in the "American Taxpayer Relief Act of 2012" (the "Act") as extended by the Protecting Americans from Tax Hikes Act of 2015 and the Consolidated Appropriations Act, 2016 (PATH Act). Lessee shall provide Lessor evidence of compliance with the Act upon request and shall indemnify Lessor for any loss it may suffer as a result of Lessee's breach of its representation and warranty.

6. **OPTION TO RENEW.** Provided that no Default or Event of Default has then occurred, Lessee shall have the option to renew the Lease, at the expiration of the term of the Lease, with respect to all but not less than all of the Equipment, on the terms and conditions of the Lease, for a negotiated renewal term at a periodic rent equal to the Fair Market Rental Value of such Equipment determined at the time of renewal. If Lessee desires to exercise this option it shall give Lessor written notice of its intention to exercise this option to renew at least ninety (90) days before expiration of the term of the Lease with respect to this Schedule. Thereafter, Lessor and Lessee shall determine the periodic rent to be paid during the renewal term. Not less than ninety (90) days before expiration of the term of the Lease with respect to this Schedule, Lessee shall give Lessor irrevocable written notice of its election to renew on the terms mutually agreed upon during negotiations. Such election shall be effective with respect to all Equipment leased under this Schedule.

For purposes of this Section, "**Fair Market Rental Value**" shall be deemed to be an amount equal to the rental (not including the cost of deinstallation, all shipping charges and reinstallation) obtainable in an arms' length transaction between a willing and informed lessor and a willing and informed lessee under no compulsion to lease (and assuming that, as of the date of determination, the Equipment is in at least the condition required by Section 10 and the Addendum of this Schedule. If the parties are unable to agree on the Fair Market Rental Value of the Equipment, then Lessor and Lessee shall at Lessee's expense obtain appraisal values from three independent appraisers (one to be selected by Lessor, one by Lessee, and the other by the two selected by Lessor and Lessee; each of whom must be associated with a professional organization of equipment or personal property appraisers, such as the American Society of Appraisers) and the average Fair Market Rental Value as determined by such appraisers shall be binding on the parties hereto. If the appraisers selected by Lessor and Lessee are unable to agree on the third appraiser, then Lessor will select the appraiser to provide the third appraisal value.

7. **OPTION TO PURCHASE.** Provided that no Default or Event of Default has then occurred, Lessee shall have the option to purchase, upon the expiration of the term of the Lease, or of any subsequent renewal term, if applicable, all but not less than all of the Equipment upon the following terms and conditions: If Lessee desires to exercise this option it shall give Lessor written notice of its intention to exercise this option to purchase at least ninety (90) days before expiration of the term of the Lease with respect to this Schedule. Thereafter, Lessor and Lessee shall determine the purchase price for the Equipment. Not less than ninety (90) days before expiration of the term of the Lease with respect to this Schedule, Lessee shall give Lessor irrevocable written notice of its election to purchase on the terms mutually agreed upon during negotiations. Such election shall be effective with respect to all Equipment leased under this Schedule. Thereupon, at the expiration of the term of the Lease, Lessee shall pay to Lessor in cash any Rent due on that date plus the purchase price for the Equipment so

purchased, determined as hereinafter provided. The purchase price of the Equipment shall be an amount equal to its then Fair Market Value, together with all taxes and charges upon sale.

For purposes of this Section, "**Fair Market Value**" shall be deemed to be an amount equal to the sale price (not including the cost of deinstallation, all shipping charges and reinstallation) of the Equipment obtainable in an arms' length transaction between a willing and informed buyer and a willing and informed seller under no compulsion to sell (and assuming that, as of the date of determination, the Equipment is in at least the condition required by Section 10 and the Addendum of this Schedule. If the parties are unable to agree on the Fair Market Value of the Equipment, then Lessor and Lessee shall at Lessee's expense obtain appraisal values from three independent appraisers (one to be selected by Lessor, one by Lessee, and the other by the two selected by Lessor and Lessee; each of whom must be associated with a professional organization of equipment or personal property appraisers, such as the American Society of Appraisers) and the average Fair Market Value as determined by such appraisers shall be binding on the parties hereto. If the appraisers selected by Lessor and Lessee are unable to agree on the third appraiser, then Lessor will select the appraiser to provide the third appraisal value.

Notwithstanding any election of Lessee to purchase, the provisions of the Lease shall continue in full force and effect until the passage of ownership of the Equipment upon the date of purchase. On the date of purchase, Lessor shall deliver to Lessee a bill of sale transferring and assigning to Lessee without recourse or warranty, except (with respect to the status of title conveyed) in respect of Lessor's acts, all of Lessor's right, title and interest in and to the Equipment. Lessor shall not be required to make and may specifically disclaim any representation or warranty as to the condition of the Equipment or any other matters.

8. ADDITIONAL MAINTENANCE AND RETURN PROVISIONS. The parties hereto agree that, in addition to the provisions of Section 7 of the Lease, the additional provisions set forth in Rider 1 hereto shall apply. In the event of a conflict between the provisions of the Lease and Rider 1, the terms of Rider 1 shall control.

DATE OF EXECUTION: September 1, 2016.

BBVA COMPASS FINANCIAL CORPORATION

Lessor

By: Mark S. Marink

Name: Mark S. Marink
Executive Vice President

Title: _____

KAPSTONE CHARLESTON KRAFT
LLC

Lessee

By: Eric Choltco

Name: Eric Choltco

Title: Director

EXHIBIT A

BBVA COMPASS FINANCIAL CORPORATION

CERTIFICATE OF DELIVERY AND ACCEPTANCE NO. _____

executed pursuant to that certain Equipment Schedule No. _____ dated as of _____, _____ (the "Equipment Schedule"), which incorporates by reference the terms and conditions of that certain Master Lease Agreement No. _____ dated as of _____, 2013 (the "Lease"), between Lessor and Lessee specified below.

1. **EQUIPMENT.** The Equipment accepted hereunder is set forth in the Schedule of Equipment attached hereto.

TOTAL INVOICE COST: \$ _____

2. **LESSEE'S CONFIRMATION.** Lessee hereby confirms and warrants to Lessor that said Equipment: (a) was duly delivered to Lessee at the location specified on the Schedule of Equipment attached hereto; (b) has been received, inspected and determined to be in compliance with all applicable specifications and that said Equipment is hereby accepted for all purposes of the Lease; and (c) is a part of the "Equipment" referred to in the Lease and is taken subject to all terms and conditions therein and herein provided. Lessee hereby represents and warrants to Lessor that, as of the date hereof, there is no Default or Event of Default under any Schedule or any other Lease Document (as such terms are defined in the Lease).

3. **LESSEE'S INSTRUCTION TO PAY.** Lessee hereby instructs Lessor to pay the original invoices enclosed with this Certificate of Delivery and Acceptance.

DATE OF ACCEPTANCE: _____

BBVA COMPASS FINANCIAL CORPORATION

Lessor

KAPSTONE CHARLESTON KRAFT

LLC

Lessee

[for exhibit only]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT B

BBVA COMPASS FINANCIAL CORPORATION

ADDENDUM TO EQUIPMENT SCHEDULE NO. _____

executed pursuant to that certain Master Lease Agreement No. _____ dated as of _____, 2013 (the "Lease"; which is incorporated herein by reference). To the extent of any conflict or inconsistency between the terms of this Addendum to Equipment Schedule and the Equipment Schedule or Lease, the terms of this Addendum shall prevail. Capitalized terms used herein without definition shall have the meaning given such terms in the Lease.

1. **EQUIPMENT.** The Equipment accepted hereunder is set forth in the Schedule of Equipment attached hereto.

2. **BASE LEASE COMMENCEMENT DATE.** XX/XX/XXXX

3. **RENT.** From and after the Base Lease Commencement Date, the monthly rent for said Equipment during the term of this Lease shall be [ALTERNATIVE: FIXED RENT] \$_____ computed based on a lease rate factor of _____% of the Total Invoice Cost. [ALTERNATIVE: STEP RENT] \$_____ computed based on lease rate factors of the following specified percentage of the Total Invoice Cost; installment one _____%; and installments two through _____, _____%.] Rent payments shall be made, in [advance/arrears], on the [first/last] day of the month for each month during the term of this Lease.

This lease rate factor above is computed as follows:

Lease rate factor in original Equipment Schedule	A			
Interest Rate Swaps Rate in original Equipment Schedule	B			
Interest Rate Swaps Rate as of _XX/XX/20XX	C			

Number of basis points Change In Interest Rate Swaps Rate	C - B = D			
Rate of Change in lease rate factor per basis point change in Interest Rate Swaps Rate	E			
Change in lease rate factor	D * E = F			
Final lease rate factor	A + F			

BBVA COMPASS FINANCIAL CORPORATION

Lessor

By: _____

Name: _____

Title: _____

KAPSTONE CHARLESTON KRAFT

LLC

Lessee

[FOR EXHIBIT ONLY]

By: _____

Name: _____

Title: _____

BBVA COMPASS FINANCIAL CORPORATION

RIDER NO. 1 TO EQUIPMENT SCHEDULE NO. 0033

To and part of Equipment Schedule No. 0033 dated as of September 1, 2016 (the "Schedule"), executed pursuant to that certain Master Lease Agreement No. 00516 dated as of December 31, 2013, as amended May 10, 2016 (the "Lease"), each between BBVA COMPASS FINANCIAL CORPORATION, its successors and assigns ("Lessor"), and KAPSTONE CHARLESTON KRAFT, LLC, its successors and permitted assigns ("Lessee").

This rider is entered into between Lessor and Lessee as a supplement to the above mentioned Schedule and Lease. To the extent that any terms and conditions of this Rider conflict with any of the terms of the Schedule or Lease, the terms and conditions of this Rider shall prevail. Except as otherwise expressly modified herein, the terms and conditions of the Schedule and Lease shall continue in full force and effect.

Lessor and Lessee hereby agree that the Equipment shall be subject to the following terms and conditions:

1. Use

- a) Equipment will be used in accordance with Section 7 of the Lease.
- b) Usage is expected to be up to 8,000 hours per year. Any hours in excess of 8,000 per year will be charged to the Lessee at \$0.00 per hour.

2. Maintenance

- a) Equipment will be maintained in accordance with Section 7 of the Lease.

3. Return Provisions

Provided that the Lessee has not elected to exercise its option to purchase the Equipment, Lessee shall, in addition to Section 7 ("Use, Maintenance and Return") of the Lease, provide for the following at its own expense prior to Equipment return:

- a) Cabs, canopies, ROPS, enclosures, lights and any other accessories must be in good working condition
- b) There will be no material structural or mechanical damage. Frames, structural members, accessories and attachments must be structurally sound without breaks or cracks and in compliance with all federal, state, local and other regulatory

requirements. The Equipment will be able to obtain its originally designed full lifting height, capacity and reach according to original manufacturer's specifications.

- c) All oil and hydraulic fluid samples must be clean with no excessive dirt or other foreign substances in either the oil or any other operating fluids beyond manufacturer's tolerable limits.
- d) Engines, hydraulics and transmission must operate properly at fully rated loads.
There will be no oil leaks or excessive smoking which, pursuant to prudent industry practice, would otherwise be repaired or replaced.
- e) The brakes shall hold the unit in a manner which meets the manufacturer's original standards and specifications and stop the machine appropriately and without fading.
- f) All batteries that are part of the equipment will be functional and hold a charge at least equal to 80% or more of its original capacity. Batteries will have no dead cells or cracked cases and the battery charger must operate as specified by its manufacturer as to electrical output.
- g) Mechanical drive trains, differentials and final drives must operate quietly without vibrations or leaks.
- h) Equipment with predictable, typical or scheduled replacements or overhaul lives including but not limited to track components, power train assembly, transmissions, converters, engines, hydraulics, axles, wheels, brakes, pumps, diggers, buckets, blades, rippers and other attachments (including cutting edges) shall have not less than 50% useful life remaining before the next such replacement, overhaul, recalibration or rebuild, and all outings, edges and other wear points will have at least 50% of their respective material design lives remaining. The determination of such remaining life shall be confirmed and concluded by a physical inspection of the Equipment and the maintenance history, as well as through engine oil and fluid testing as applicable, conducted by an independent professional inspector selected by Lessor.
- i) All tires on the Equipment, if so equipped, shall be of the same original size, type and of an equivalent quality as when the Equipment was originally delivered to Lessee. Each tire shall be free of cracks, cuts or rips that affect the safety or expected useful life of such tire, and shall have at least 50% of its original tread remaining. Recaps are not acceptable.

- j) All manuals, catalogues, maintenance records, repair orders and similar documents will be delivered with the Equipment to Lessor.

If the Equipment fails to satisfy the return conditions set-forth in this Rider at the expiration or earlier termination of the Lease, the Lease shall automatically be extended on a month- to-month basis until Lessee causes the Equipment to satisfy all of the return conditions provided herein. During such holdover period, Lessee shall pay rental to Lessor as provided in the Lease and shall be liable to Lessor for any net damages suffered by Lessor as a result of such holdover. Lessee shall promptly undertake such actions as necessary to satisfy these return conditions. IN WITNESS WHEREOF, the parties have executed this Rider as of the date first written above.

BBVA COMPASS FINANCIAL CORPORATION, Lessor

By: Mark S. Marlinik

Title: Mark S. Marlinik
Executive Vice President

Date: _____

KAPSTONE CHARLESTON KRAFT LLC, Lessee

By: Eric Chelton
DocuSigned by:
343E377A792E458...

Title: Director

Date: 9/2/2016

BBVA COMPASS FINANCIAL CORPORATION

SCHEDULE OF STIPULATED LOSS VALUES

incorporated in and made a part of Equipment Schedule No. **0033 (648-0001)** to Master Lease Agreement No. **516** dated as of December 31, 2013 and amendment dated May 10, 2016, between BBVA COMPASS FINANCIAL CORPORATION ("LESSOR") AND **Kapstone Charleston Kraft LLC ("LESSEE")**.

<u>Rental Payment Date</u>	<u>% of Total Equipment Cost</u>
10/1/2016	99.873094
11/1/2016	98.473545
12/1/2016	97.060666
1/1/2017	95.558355
2/1/2017	93.973740
3/1/2017	92.374814
4/1/2017	90.761502
5/1/2017	89.139649
6/1/2017	87.507063
7/1/2017	85.865810
8/1/2017	84.213747
9/1/2017	82.547016
10/1/2017	80.871391
11/1/2017	79.184820
12/1/2017	77.483399
1/1/2018	75.772854
2/1/2018	74.051224
3/1/2018	72.314558
4/1/2018	70.562776
5/1/2018	68.802867
6/1/2018	67.032842
7/1/2018	65.254568
8/1/2018	63.466106
9/1/2018	61.662254
10/1/2018	59.849929
11/1/2018	58.027280
12/1/2018	56.189060
1/1/2019	54.342140
2/1/2019	52.484759
3/1/2019	50.611622
4/1/2019	48.722649
5/1/2019	46.825588
6/1/2019	44.918699
7/1/2019	43.003605

8/1/2019	41.078611
9/1/2019	39.137503
10/1/2019	37.187965
11/1/2019	35.228389
12/1/2019	33.252517
1/1/2020	31.267984
2/1/2020	29.273274
3/1/2020	27.262083
4/1/2020	25.234323
5/1/2020	23.197241
6/1/2020	21.149495
7/1/2020	19.092296
8/1/2020	17.024352
9/1/2020	15.939539
10/1/2020 and there after	15.000000

Stipulated Loss Values are due in addition to any rent due on the Rental Payment Date.

Lessor

BBVA COMPASS FINANCIAL CORPORATION

By: Mark S. Marinik

Name: Mark S. Marinik
Executive Vice President

Title: _____

Lessee

Kapstone Charleston Kraft LLC

By: Eric Choltco
DocuSigned by:
343E377A782E458..

Name: Eric Choltco

Title: Director

BBVA COMPASS FINANCIAL CORPORATION**CERTIFICATE OF DELIVERY AND ACCEPTANCE NO. 1**

executed pursuant to that certain Equipment Schedule No. **0033** dated as of September 1, 2016 (the "Equipment Schedule"), which incorporates by reference the terms and conditions of that certain Master Lease Agreement No. **00516** dated as of December 31, 2013, as amended May 10, 2016 (the "Lease"), between Lessor and Lessee specified below.

1. **EQUIPMENT.** The Equipment accepted hereunder is set forth in the Schedule of Equipment attached hereto.

TOTAL INVOICE COST: \$424,345.00

2. **LESSEE'S CONFIRMATION.** Lessee hereby confirms and warrants to Lessor that said Equipment: (a) was duly delivered to Lessee at the location specified on the Schedule of Equipment attached hereto; (b) has been received, inspected and determined to be in compliance with all applicable specifications and that said Equipment is hereby accepted for all purposes of the Lease; and (c) is a part of the "Equipment" referred to in the Lease and is taken subject to all terms and conditions therein and herein provided. Lessee hereby represents and warrants to Lessor that, as of the date hereof, there is no Default or Event of Default under any Schedule or any other Lease Document (as such terms are defined in the Lease).

DATE OF ACCEPTANCE: September 6, 2016

Lessor

BBVA COMPASS FINANCIAL CORPORATION

By: Mark S. Marinik

Name: Mark S. Marinik
Executive Vice President

Title: _____

Lessee

**KAPSTONE CHARLESTON KRAFT
LLC**

By: Eric Choltco
DocuSigned by:
343E377A792E458

Name: Eric Choltco

Title: Director

BBVA COMPASS FINANCIAL CORPORATION

SCHEDULE OF EQUIPMENT

Attached to Certificate of Delivery and Acceptance No. 1 to Equipment Schedule No. 0033 to Master Lease Agreement No. 516

Lessee: Kapstone Charleston Kraft LLC

Manufacturer and/or Vendor Name	Invoice No.	Description	Serial Number or Vin Number	Equipment Location (or the location of the principal garage of the Equipment, if the Equipment is mobile)	Total Invoice Cost
Linder Industrial Machinery Company	ESA004026-1	(1) 2016 Komatsu Model WA500-8 Wheel Loader With a 22 Cubic Yard Woodchip Bucket, Fire Suppression System, Auto Lube System, and an additional Five Gallon Fire Suppression	A96066	5600 Virginia Avenue North Charleston, SC 29406	\$424,345.00



100 - 10/10 - 4825
4388

EQUIPMENT LEASE AGREEMENT

TO OUR VALUED CUSTOMER: This Equipment Lease Agreement ("Agreement") has been written in "Plain English". The words YOU and YOUR are used in this Agreement to mean the Lessee identified below. The words WE, US and OUR are used in this Agreement to mean the Lessor, which is DE LAGE LARDEN FINANCIAL SERVICES, INC. and any of its affiliates, subsidiaries, successors or assigns. Our address is 1111 Old Eagle School Road, Wayne, PA 19387. Please read YOUR copy of this Lease carefully and feel free to ask US any questions YOU may have about it.

LESSEE	Supplier Name Kapstone Charleston Kraft LLC	Supplier Name G&W EQUIPMENT INC
Address PO BOX 118008	Address 800 LAWTON RD	Address 800 LAWTON RD
City CHARLESTON	City SC	City NC
State SC	State SC	State NC
Zip 29423	Zip 29423	Zip 28216-3437
Phone 843-875-8863	Phone 704-394-6318	Phone 704-394-6318

Quantity	New/Used	Equipment Make	Model	Serial Number(s)	Description
					SEE ATTACHMENT A
Equipment Location 8600 VIRGINIA AVE					
City NORTH CHARLESTON					
State SC					
Zip 29406					

Lease Term in Months 60	Lease Payment 1277.00	Payment Frequency ☒ Monthly ☐ Quarterly ☐ Other
Per-Diem Rent	WE may charge YOU, and YOU agree to pay per-diem rent from the date YOU accept the Equipment to the date that is the first Lease Payment due date. The total per-diem rent is due with YOUR final or second Lease Payment as billed by US.	
YOU agree to pay, at the time YOU sign this Lease, the Lease Payment(s) in advance (if more than one Lease Payment is due in advance, the additional Lease Payment(s) will be applied to the end of the Lease Term). In addition to the Lease Payment, YOU agree to pay all applicable sales and use taxes, unless YOU (a) provide US a valid tax exempt certificate, or (b) the sales and use tax is financed as a part of the Equipment and is noted in the Additional Provisions section below. YOU also agree to pay all other taxes, in addition to sales and use taxes, in accordance with Section 12 of this Lease.		
☐ Lease Payment includes maintenance fees for maintenance provided by Supplier and/or manufacturer under a separate maintenance agreement.		
Additional Provisions		
End of Lease Options ☒ FMV ☐ Fixed Purchase Price of \$ ☐ \$1.00	Operating Conditions: If the End of Lease Purchase Option is Fair Market Value or Fixed Purchase Price, see attached Survey of mutually agreeable operating conditions and use of the Equipment, as made part of this Lease.	
End of Lease Option shall be FMV unless another option is selected. These options are subject to the terms and conditions on the reverse or 2nd page of this Lease.		

TERMS & CONDITIONS

1. **LEASE:** WE agree to lease to YOU and YOU agree to lease from US, the Equipment listed above (and on any attached schedule) including all replacement parts, repairs, additions and accessories ("Equipment") under the terms and conditions on the front and back (or both pages) of this Lease. In order to reinstate OUR rate of return, YOU authorize US to adjust the Lease Payments by not more than 5% (five percent) (5%) if the cost of the Equipment or taxes is more or less than the supplier's estimate or if YOUR acceptance of the Equipment is more than sixty (60) days from the date YOU sign this Lease. YOU agree that a business copy of this Lease with handwritten signatures may be treated as an original and will be admissible as evidence of the Lease.

2. **TERM:** The Lease goes into effect and the term of the Lease begins when YOU accept the Equipment ("Commencement Date"). YOU irrevocably accept the Equipment on the earlier of (1) YOUR delivery to US of a signed Certificate of Acceptance or (2) 10 days after delivery of the Equipment provided YOU have not given US written notice of YOUR non-acceptance of the Equipment. Unless otherwise indicated above, Lease Payments will be due beginning on the first or the fifteenth day of the first full month following YOUR acceptance of the Equipment as WE shall designate and on the same day of each successive month thereafter until the balance of the Lease Payments and any additional Lease Payments or expenses chargeable to YOU under this Lease are paid in full. YOUR obligation to pay the Lease Payments and other Lease obligations is absolute and unconditional and is not subject to cancellation, reduction, setoff or counterclaim. THIS AGREEMENT IS NON-CANCELABLE.

3. **LATE CHARGE/DOCUMENTATION FEE:** Whenever any Lease Payment or other amount payable hereunder is not made within 5 days of its due date, YOU agree to pay US, within one month, a late charge calculated at the rate of 5% of each such delayed payment or \$10.00, whichever is greater, but only to the extent permitted by law. Unless included in the cost of the Equipment to US, YOU agree to pay US a fee not to exceed \$500.00 to reimburse OUR expenses for preparing financing statements, other documentation costs and all ongoing administration costs during the term of this Lease.

4. **DELIVERY AND ACCEPTANCE:** YOU are responsible at YOUR own cost (unless such costs are included in the cost of the Equipment to US) to arrange for the delivery and installation of the Equipment. YOU agree to accept the Equipment when it is delivered and to sign the Certificate of Acceptance supplied by US. YOUR use of the Equipment will comply with all insurance requirements, all applicable laws and regulations and all applicable Supplier and manufacturer requirements and instructions. YOU will not alter or modify the Equipment.

5. **WARRANTY MATTERS:** WE are leasing the Equipment to YOU "AS-IS" and WE MAKE NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE OR THE LIKE. Provided no default has occurred and is continuing under this Lease, WE assign to YOU for the term of this LEASE all warranties, if any, made by the manufacturer. YOU

(Terms and Conditions continued on the reverse or 2nd page of this Lease)

Signature 	Date 4/11/16
Print Name Eric J. Choltco	
Title Director, Strategic Sourcing	
For Kapstone Charleston Kraft LLC	

Signature 	Date 8/31/16
Print Name Jason Adler	
Title FA	
For DE LAGE LARDEN FINANCIAL SERVICES, INC	
Agreement Number	

YOUR INITIALS ARE REQUIRED ON THE SECOND PAGE OF THIS LEASE

ACKNOWLEDGE THAT NO ONE IS AUTHORIZED TO WAIVE OR CHANGE ANY TERM, CONDITION OR REPRESENTATION OF THIS LEASE OR THE EQUIPMENT. WE SHALL NOT BE LIABLE FOR ANY SPECIAL, CONSEQUENTIAL DAMAGES OR LOSS OF PROFIT OCCASIONED BY ANY BREACH OF WARRANTY OR REPRESENTATION OR RESULTING FROM THE USE OR PERFORMANCE OF THE EQUIPMENT. YOUR OBLIGATION TO PAY IN FULL ANY AMOUNT DUE UNDER THIS LEASE WILL NOT BE AFFECTED BY ANY DISPUTE, CLAIM, COUNTERCLAIM, DEFENSE OR OTHER RIGHT WHICH YOU MAY HAVE OR ASSERT AGAINST THE SUPPLIER OR MANUFACTURER OF THE EQUIPMENT.

8. TITLE, USE, PLACES, PERSONAL PROPERTY, LOCATION AND INSPECTION. Unless YOU have a \$1.00 purchase option, WE own the Equipment and YOU have the right to use the Equipment for the full term provided YOU comply with the terms and conditions of this Lease. If YOU have a \$1.00 purchase option under the Lease, it is deemed to be a security agreement. YOU grant US a security interest in the Equipment and all proceeds, and authorize US to file financing statements with respect to the Equipment. Although the Equipment may become attached to real estate, it remains personal property and YOU agree not to permit a lien to be placed upon the Equipment. If WE feel it is necessary, YOU agree to provide US with values of interest or loss, from anyone claiming an interest in the real estate on which any item of Equipment is located. YOU will keep and use the Equipment only at the Equipment Location specified in this Agreement. YOU may not move the Equipment without our prior written consent, which WE will not unreasonably withhold. WE also have the right, at reasonable times, to inspect the Equipment.

9. USE AND MAINTENANCE. At YOUR own expense, YOU will keep, use and maintain the Equipment as required by applicable insurance policies, all applicable laws and regulations and all applicable Supplier and manufacturer requirements and instructions. YOU will maintain written and dated records of all instructions, maintenance and service for each unit of Equipment. YOU will keep the Equipment in as good operating condition as when it was delivered to YOU, ordinary wear and tear resulting from proper use only excepted, and will provide all maintenance and service and make all repairs reasonably necessary for such purposes. Any such repair parts must be original manufacturer approved replacement parts. YOU will not in any way subject the Equipment to any abuse, corrosion, or chemical working conditions or any environmentally hazardous substance (under any applicable federal, state or local law, rule or regulation), without our prior written consent. YOU will not make any alterations, additions or replacements to the Equipment without prior written consent. All alterations, additions and replacements will become part of the Equipment and our property at no cost or expense to US. IN THE EVENT THE LEASE PAYMENTS INCLUDE THE COST OF MAINTENANCE AND/OR SERVICE BEING PROVIDED BY THE SUPPLIER AND/OR MANUFACTURER, YOU ACKNOWLEDGE THAT WE ARE NOT RESPONSIBLE FOR PROVIDING ANY REQUIRED MAINTENANCE AND/OR SERVICE FOR THE EQUIPMENT. YOU WILL MAKE ALL CLAIMS FOR MAINTENANCE AND/OR SERVICE SOLELY TO THE SUPPLIER AND/OR MANUFACTURER AND SUCH CLAIMS WILL NOT AFFECT YOUR OBLIGATION TO MAKE ALL REQUIRED LEASE PAYMENTS.

10. ASSIGNMENT. YOU AGREE NOT TO TRANSFER, SELL, SUBLEASE, ASSIGN, PLEDGE OR ENCUMBER EITHER THE EQUIPMENT OR ANY RIGHTS UNDER THIS LEASE WITHOUT OUR PRIOR WRITTEN CONSENT. YOU agree that WE may sell, assign or transfer this Lease and if WE do, the new owner will have the same rights and benefits that WE now have and the rights of the new owner will not be subject to any claims, demands, or actions that YOU may have against US.

11. RETURN, FURNISHES, OPTION AND INSURANCE. Upon at least one hundred twenty (120) but not more than one hundred eighty (180) days written notice to US prior to the expiration of the Lease term, YOU shall advise US of YOUR intention to either return the Equipment to US or purchase the Equipment at the end of the Lease term. Provided YOU have given such timely notice of YOUR intention to return the Equipment, YOU shall return the Equipment to the Supplier or any other location designated by US, freight and insurance (at the Equipment's full replacement value) prepaid, in as good condition as when it was delivered to YOU, ordinary wear and tear resulting from proper use only excepted, which shall at a minimum require that the Equipment (a) the hydraulic, brake, steering and transmission to operation properly at full capacity as per manufacturer specifications; (b) engine must meet the then current emission performance standards, shall without any visible assistance and be free of all leaks; (c) all oil and hydraulic fluid samples must be clean with no dirt or foreign substance present; (d) frames, structural members, coils, axles, wheels, tires, and any accessories and components must be structurally sound without cracks or breaks, in good working condition, and in compliance with all federal, state, local and other regulatory requirements; (e) all surfaces must be clean and free of any concrete, asphalt or tar; (f) tire, lower and lift to full capacity and range; (g) if applicable, lines must be clean, braided and when delivered new and have at least 80% remaining tread life; and (h) be otherwise in compliance and running condition with no missing or damaged components or parts. Each unit of Equipment must be returned with all of the manuals, maintenance records, log books, inspection and overhaul records, operating requirements and other materials pertinent to the Equipment's operation, maintenance, assembly and disassembly. If WE reasonably determine, by use of an operator or otherwise, that the Equipment, once it is returned, is not in the condition required above, WE may repair service, modify or overhaul the Equipment to achieve such condition, and YOU will reimburse US for all our reasonable expenses to do so. Provided YOU have given proper notice of YOUR intention to purchase the Equipment and YOU are not in default, YOU shall have the option to purchase all but not less than all of the Equipment on the terms as indicated in the End of Lease Options checked above. WE will use OUR reasonable judgment to determine the Equipment's fair market value for all FHV purchase options that shall be based on the Equipment's condition in place, on an "AS-IS" "WHERE IS" basis, without representation or warranty of any kind, whether express or implied. If YOU fail to notify US of YOUR intention to return or purchase the Equipment, or having notified US, YOU fail to return or purchase the Equipment as provided herein, this Lease shall renew for consecutive one hundred twenty (120) day periods and YOU agree to continue to make Lease Payments at the same monthly Lease Payments as set forth in the Lease subject to YOUR right to terminate the Lease upon one hundred twenty (120) days written notice. In which case YOU will immediately deliver the Equipment to US as stated in this paragraph. WE may charge YOU a lease disposal fee of \$250.00 for each unit returned at the end of the Agreement. YOU shall remove all confidential information from any Equipment prior to return to US in compliance with all applicable state and federal laws.

12. LOSS OR DAMAGE. YOU are responsible for the risk of loss or destruction of, or damage to the Equipment. No such loss or damage relieves YOU from any obligation under this Lease.

13. INSURANCE. WE are not responsible for any losses or injuries caused by the manufacturer, acquisition, delivery, installation, operation, use, lease, possession, maintenance, operation or rejection of the Equipment or defects in the Equipment. YOU agree to reimburse US for and to defend US against any claim for losses or injuries related to the Equipment or this Lease. This indemnity will continue even after the termination of this Lease.

14. TITLES. YOU agree to pay all taxes and regulatory fees, sales and use taxes, personal property taxes and all other taxes and charges relating to the ownership, leasing, rental, sales, purchase, possession or use of the Equipment (except those based on OUR net income) (not-

including, "Taxes") in addition to the Lease Payments as billed by US. YOU agree that IF WE pay any taxes or charges on YOUR behalf, YOU will reimburse US for all such payments, plus a fee to US for collecting and administering any such Taxes and remitting them to the appropriate authorities and interest thereon at the highest legal rate allowed, from the date due until fully paid. Unless YOU have a \$1.00 purchase option, YOU will indemnify US upon demand and on a (not after-the-fact) basis against the loss (including replacement) of or inability to claim, or if WE shall suffer a disallowance or refusal of, as determined in good faith by US, any Equipment ownership, or Lease-related, federal and/or state income tax benefits anticipated by US at the Commencement Date resulting from any of YOUR acts.

15. INSURANCE. During the term of this Lease, YOU will keep the Equipment insured against all risks of loss or damage in an amount not less than the full replacement value of the Equipment, naming US as sole or first loss payee, as applicable, and without co-insurance. YOU will also obtain and maintain for the term of this Lease, comprehensive public liability insurance with personal injury limits and property damage limits to maintain the same from time to time as required, naming US as additional insured. YOU will pay all premiums for such insurance and must deliver proof of insurance coverage satisfactory to US. If YOU do not provide such insurance, WE have the right, without obligation, to obtain such insurance and add an insurance fee (which may include a profit) to the amount due from YOU. YOU grant to US an irrevocable power of attorney to make claim for and receive and endorse all checks and other documents received as payment for such insurance policies.

16. DEFAULT. YOU are in default of this Lease if any of the following occurs: a) YOU fail to pay any Lease Payment or other sum when due; b) YOU breach any warranty or other obligation under this Lease, or any other agreement with US; c) YOU or any partner or guarantor fails; YOU become insolvent or unable to pay YOUR debts when due; YOU stop doing business as a going concern; YOU transfer all or substantially all of YOUR assets; YOU make an assignment for the benefit of creditors; or d) YOU or any partner or guarantor voluntarily file or have filed against YOU or it involuntarily, a petition for liquidation, reorganization, assignment of debt or similar relief under the Federal Bankruptcy Code or any other present or future federal or state bankruptcy or insolvency law, or a trustee, receiver or liquidator is appointed for YOU or it or a substantial part of YOUR or its assets.

17. REMEDIES. WE may declare the entire balance of the unpaid Lease Payments for the full term immediately due and payable, stop for and receive all Lease Payments and any other payments then secured or accelerated under this Lease or any other agreement plus the estimated fair market value of the Equipment at the end of the originally scheduled Lease term, and all unpaid Lease Payments and the estimated fair market value will be discounted to the date of default at the lesser of (i) a per annum interest rate equivalent to that of a U.S. Treasury accepted maturity obligation (as reported by the U.S. Treasury Department) that would have a payment term equal to the remaining Lease term, as so determined by WE, or (ii) 3% per annum, but only to the extent permitted by law, terminate this Lease, charge YOU an interest on all monies due US at the rate of eighteen percent (18%) per year from the date of default until paid, but in no event more than the maximum rate permitted by law, charge YOU a return-check or non-sufficient funds charge ("NSF Charge") of \$25.00 for a check that is returned for any reason, and require that YOU return the Equipment to US and in the event YOU fail to return the Equipment, either upon the premises previously with or without legal process where the Equipment is located and repossess the Equipment. Such return or repossession of the Equipment will not constitute a termination of this Lease unless WE expressly notify YOU in writing. In the event the Equipment is returned or repossessed by US and unless WE have terminated this Lease, WE will sell or re-sell the Equipment to any persons with any terms WE determine, at one or more public or private sales, on YOUR premises or elsewhere, with or without notice to YOU, and apply the net proceeds after deducting the costs and expenses of such sale or re-sell, to YOUR obligations with YOU remaining liable for any deficiency and with any excess being retained by US. YOU agree that if notice of sale is required by law to be given, 10 days' notice will constitute reasonable notice. The credit for any sums to be received by US from any such rental shall be discounted to the date of the agreement at six percent (6%) per year. YOU are also required to pay (i) all expenses incurred by US in connection with enforcement of any remedies, including all expenses of processing, storing, shipping, repacking and selling the Equipment, and (ii) reasonable attorney's fees.

18. WARRANTIES, FINANCIAL STATEMENTS. YOU warrant and represent that a) YOU have the necessary power and authority to enter into and perform YOUR obligations under this Lease, by the Equipment will be used for business purposes, and not for personal, family or household purposes; of YOU agree to provide to US, YOUR financial statements (qualified if available) annually within thirty (30) days of YOUR fiscal year-end.

19. CHOICE OF LAW. This Lease shall be deemed fully executed and performed in the Commonwealth of Pennsylvania and shall be governed and construed to accord with the laws thereof. YOU hereby consent and agree that non-exclusive jurisdiction, personal or otherwise, over YOU and the Equipment shall lie with the courts of the Commonwealth of Pennsylvania or the Federal District Court for the Eastern District of Pennsylvania, sitting at OUR option, with respect to any provision of this Lease. YOU ALSO AGREE TO WAIVE YOUR RIGHT TO A TRIAL BY JURY.

20. ENTIRE AGREEMENT; SEVERABILITY, WAIVERS. This Lease contains the entire agreement and understanding. Its agreements or understandings are binding on the parties unless set forth in writing and signed by the parties. YOU agree, however, that WE are authorized, without notice to YOU, to supply relating information or correct obvious errors in this Lease. Any provision of this Lease, which for any reason may be held unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective without invalidating the remaining provisions of this Lease. If more than one lease exists under this Lease, the obligations of each lease shall be joint and several. YOU agree that this Lease is a Finance Lease as that term is defined in Article 9A of the Uniform Commercial Code ("UCC"). YOU acknowledge that WE have given YOU the name of the Supplier of the Equipment. WE hereby notify YOU that YOU may have rights under the contract with the Supplier and YOU may contact the Supplier for a description of any rights or warranties that YOU may have under the supply contract. YOU also have any and all rights and remedies granted YOU under Sections 2A-603 through 2A-622 of the UCC. THIS LEASE IS NOT INTENDED FOR TRANSACTIONS WITH AN EQUIPMENT COST LESS THAN \$1,000.

ATTACHMENT A — EQUIPMENT DESCRIPTION

Attachment forming part of the Equipment Lease Agreement by and between DE LAGE LANDEN FINANCIAL SERVICES, INC.
("Lessor") and Kapstone Charleston KKR LLC ("Lessee")

EQUIPMENT INFORMATION:

- (1) CATERPILLAR 2P3500 Class V - IC Pneumatic Forklift SN: **AT34A00320**
- (1) CATERPILLAR 2C3600-LE Class IV - IC Cushion Forklift SN: **AT81P40753**
- (1) CATERPILLAR 2P3000LE Class V - IC Pneumatic Forklift SN: **A735A02306**
- (1) CATERPILLAR 2P3000LE Class V - IC Pneumatic Forklift SN: **AT35A02324**

Lessee	Kapstone Charleston KKR LLC
Signature	<i>Eric J. Choltco</i>
Print Name	Eric J. Choltco
Title	Director, Strategic Sourcing
Date	4-11-16

Lessor	DE LAGE LANDEN FINANCIAL SERVICES, INC.
Signature	<i>Taser Allen</i>
Print Name	Taser Allen
Date	8/31/16

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County	Assessor	Parcel No.	Map	Legal Description	Remarks
					SEE ATTACHMENT A

Equipment Location
 2800 VIRGINIA AVE

City NORTH CHARLESTON County State SC Zip 29406

The undersigned hereby acknowledges and agrees that the undersigned has unconditionally accepted all of the Equipment described above (in accordance with Equipment Lease Agreement ("Lease") covering the Equipment between Medtronic Christian Staff LLC ("Lessee") and Lessor, and that the Equipment has been delivered, inspected, installed and is in good-working condition. The undersigned hereby approves and authorizes payment by Lessor to the Supplier of the Equipment. The undersigned agrees that a facsimile copy of this certificate with facsimile signatures may be treated as an original and will be admissible as evidence of this certificate and Lessor's acceptance of the Equipment.

NAME: Keystone Charismatic Kraft LLC
 SIGNATURE: [Signature]
 PRINT NAME: ERIC J. CHATCO
 TITLE: DIRECTOR
 DATE: 8-31-16

SURVEY OF OPERATING CONDITIONS AND USE OF THE EQUIPMENT

("Survey")

DE LAGE LANDEN FINANCIAL SERVICES, INC ("Lessor") Lease Agreement/Lease Schedule ("Lease") relating to the below described equipment ("Equipment")

EQUIPMENT INFORMATION	Year	Full Serial Number	Make	Model	Description
					SEE ATTACHMENT A

Please fill out this Survey completely. This document is the survey of mutually agreeable operating conditions and use of the equipment referenced in the above Lease.

Full Legal Name Kapstone Charleston Kraft LLC

Equipment Location 5600 VIRGINIA AVE

City NORTH CHARLESTON

State SC

Zip Code 29406

I. If YOUR use of any unit of Equipment exceeds 1200 key-on hours ("Allowed Hours") per year, respectively, YOU agree to pay US as additional rent for each excess hour per year per applicable unit(s) of Equipment, respectively, an amount determined by multiplying the monthly Lease Payment applicable to each applicable unit of Equipment by 12, dividing the resulting number by the number of Allowed Hours, and then multiplying the number resulting from such division by 1.25 for each unit of Equipment that exceeds the Allowed Hours.

II. Application Guide: Please check the box for the application which best describes how and where the Equipment will be used

- ☒ **Normal/Clean:** The Equipment will encounter few (if any) abrasive, corrosive, abnormal or adverse conditions. Typically, this would apply to light manufacturing, general warehousing, pharmaceuticals and transportation.
- ☐ **Not Normal/Clean:** Applications where "Clean", "Moderately Abusive" and "Severely Abusive" do NOT apply and/or usage is not normal. Typically, this would apply to lightly dusty and/or fibrous conditions, slightly wet applications, uneven/rusted floors, brickyards, lumberyards, plastics manufacturing.
- ☐ **Moderately Abusive:** Applications where additional options and/or maintenance are required because of the operating environment. Typically, this would apply to paper mills, textile mills, concrete handling, cold storage, freezer, highly dusty and/or fibrous operating environments, agriculture, sand, textiles manufacturing and very wet conditions.
- ☐ **Severely Abusive:** Operating environments that will clearly reduce the Equipment's useful life. Typically, this would apply to foundries, forging, furnaces, refractories, paper or metal recycling, abrasive manufacturing, acid, brine and pickling, salt water environments, chemical plants, corrosives, fertilizer plants, metalworking, steel mills, poultry and fish processing, tanneries and hide processing plants/locations.

Please note any exposure to ☐ Corrosives ☐ Heat ☐ Metal Shavings ☐ Hazardous Materials/Environment (Please check the appropriate box)

Lessor understands that equipment is occasionally operated in an industry that may indicate a more severe application than the particular usage of the specific equipment (e.g. a forklift in a foundry used to unload and load trucks which does not ever go near the furnace and is not exposed to high heat or dust)

The undersigned, duly authorized on behalf of the Lessee, hereby certifies that the above information is true and correct as of the date hereof

DEALER CONCURRENCE	Dealer <u>GAW EQUIPMENT INC</u>
	Signature X <u>[Signature]</u>
	Print Name <u>[Signature]</u>
	Title <u>Sales</u>
	Date <u>4-11-14</u>

LESSEE REPRESENTATIVE	Lessee <u>Kapstone Charleston Kraft LLC</u>
	Signature X <u>[Signature]</u>
	Print Name <u>Eric J. Choico</u>
	Title <u>Director, Strategic Sourcing</u>
	Date <u>4-11-14</u>

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CONFIDENTIAL/PROPRIETARY
Subject to Confidentiality Agreement

KAPSTONE-003361

EQUIPMENT LEASE AGREEMENT ADDENDUM

This EQUIPMENT LEASE AGREEMENT ADDENDUM ("Addendum") is made a part of and amends that certain EQUIPMENT LEASE AGREEMENT dated 4/11/16 2016 ("Agreement") by and between DE LAGE LANDEN FINANCIAL SERVICES, INC. ("Lessor") and KAPSTONE CHARLESTON KRAFT, LLC ("Lessee"). Unless otherwise defined herein, capitalized terms shall have the definition set forth in the Agreement.

NOW, THEREFORE, for good and valuable consideration, intending to be legally bound and pursuant to the terms and conditions of the Agreement, it is hereby agreed as follows:

1. Section 14 a). Default: Amend "or other sum when due" to read "or other sum within ten (10) days of due date"
2. Section 14 b). Default: Amend "YOU breach any warranty or other obligations under this Lease, or any other agreement with US" to read "YOU breach any warranty or other obligations under this Lease, or any other agreement with US and such breach is not cured within ten (10) days of our written notice to YOU."
3. Section 15. Remedies: Amend "enter upon the premises peaceably with or without legal process" to read "enter upon the premises peaceably with legal process or by mutual written agreement". Also, amend "WE will sell or re-rent the Equipment to any persons with any terms WE determine, at one or more public or private sales, at YOUR premises or elsewhere with or without notice to YOU" to read "WE will sell or re-rent the Equipment to any persons with any terms WE determine, at one or more public or private sales elsewhere with or without notice to YOU"
4. Section 16. c): delete

ALL other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Addendum to be executed on the dates set forth below.

Dated: 4-11-16

KAPSTONE CHARLESTON KRAFT, LLC

By: Eric J Chotco

Print name: Eric J Chotco

Title: Director, Strategic Sourcing

Dated: 8/31/16

DE LAGE LANDEN FINANCIAL SERVICES, INC.

By: Taken AH

Print name: Taken AH

PA

BILLING INFORMATION

PLEASE COMPLETE THIS FORM AND RETURN WITH DOCUMENTS

In order for DE LAKE LANDEN FINANCIAL SERVICES, INC. to properly bill and credit your account, it is necessary that you complete this form and return it with the signed documents.

Billing Name Kapstone Charleston Kraft LLC
Email Invoicing ☒ Yes ☐ No
If Yes Email Address(es) for Invoicing CorpAPAvantis@kapstonepaper.com
Billing Address: 1101 Skokie Blvd, Suite 300
Northbrook, IL 60062
Accounts Payable
Attention: (Name of individual who will process payments)
Telephone Number: 847-239-8830
FEDERAL ID#: _____

SPECIAL INSTRUCTIONS

Do you require a Purchase Order Number on the invoice? If so, please attach a copy of the purchase order (front & back) for our file. ☐ Yes ☒ No
Is a new purchase order required for each new fiscal period? ☐ Yes ☐ No
Are you tax exempt? If yes, please attach a copy of exempt certificate or direct pay permit. ☐ Yes ☐ No
Do you require any special information to establish a vendor number for _____? ☐ Yes ☐ No
If yes, please advise _____

Additional Comments: _____



100-10126072

EQUIPMENT LEASE AGREEMENT

Application # 100-10126072

Lessee	Full Legal Name Kapstone Charleston Kraft LLC				Phone Number (843) 745-3000	
	Billing Address 5600 VIRGINIA AVE		City NORTH CHARLESTON	State SC	Zip 29406-3512	Purchase Order Requisition Number (for equipment identification only)
	Equipment Location (if not same as above) 5600 VIRGINIA AVE		City NORTH CHARLESTON	State SC	Zip 294063612	Send Invoice to Attention of
Equipment Information	Quantity	New / Used	Equipment Make	Model Number	Serial Number	Description
	1	New	CATERPILLAR - MH	2ET3500	FN53769	Class 1 - Electric Rider Forklift with Battery and Charger
Payment Information	Lease Term in Months 64		Lease Payment \$369.89		Payment Frequency Monthly ☒ Quarterly ☐ Other ☐	
	End of Lease Purchase Option (if any) ☒ FMV ☐ \$1.00 ☐ Fixed Purchase Price of					
YOU agree to pay, at the time YOU sign this Lease, 0.00 as advance rent. If more than one Lease Payment is due in advance, the additional Lease Payment(s) will be applied to the end of the Lease Term. In addition to the Lease Payment, YOU agree to pay all applicable sales and use taxes, unless YOU (a) provide US a valid tax exempt certificate, or (b) the sales and use tax is financed as a part of the Equipment cost as noted in the Additional Provisions section below. YOU also agree to pay all other taxes, in addition to sales and use taxes, in accordance with this Lease.						
Additional Provisions (if any)						
If the End of Lease Option is Fair Market Value or Fixed Purchase Price, see attached Survey of mutually agreeable operating conditions and use of the Equipment, as made part of this Lease.						

TERMS AND CONDITIONS

1. LEASE. YOU ("Lessee") agree to Lease from US ("Lessor"), the Equipment listed above (and on any attached schedule) including all replacement parts, repairs, additions and accessories ("Equipment"). YOU authorize US to adjust the Lease Payments by not more than fifteen percent (15%) if the cost of the Equipment or taxes is more or less than the supplier's estimate. YOU agree that a facsimile copy of this Lease with facsimile signatures may be treated as an original and will be admissible as evidence of the Lease. Whenever any Payment is not made within 5 days of its due date, you agree to pay US, a late charge of 5% of each payment or \$10.00, whichever is greater, but only to the extent permitted by law. YOU agree to pay US a fee not to exceed \$500.00 to reimburse OUR expenses for preparing financing statements, other documentation costs and all ongoing administration costs during the Lease term. YOU AGREE THAT NO ONE IS AUTHORIZED TO WAIVE OR CHANGE ANY LEASE TERM OR PROVISION.
2. TERM. The Lease starts on the day the Equipment is delivered to YOU ("Commencement Date") and the Lease Payments shall be payable in advance beginning on the Commencement Date or any later date WE designate and thereafter until all amounts are fully paid. YOUR Lease obligations are absolute, unconditional, and are not subject to cancellation, reduction, offset or counterclaim. YOU agree to accept the Equipment when it is delivered and to sign the Certificate of Acceptance supplied by US.
3. TITLE. Unless YOU have a \$1.00 purchase option, WE own the Equipment and YOU have the right to use the Equipment for the full Lease term provided YOU comply with the terms of this Lease. IF YOU have a \$1.00 purchase option and the Lease is deemed to be a security agreement, YOU grant US a security interest in the Equipment and all proceeds and authorize US to file financing statements.
4. EQUIPMENT USE, MAINTENANCE AND WARRANTIES. We are leasing the Equipment to YOU "AS IS" AND MAKE NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. We transfer to YOU any manufacturer's warranties. YOU must, at YOUR cost, keep the Equipment in good working condition. If Lease Payments include third-party maintenance and service costs, YOU agree that (a) WE are not responsible to provide the maintenance or service, (b) YOU will make all maintenance and service related claims to the third party, and (c) any maintenance or service claims will not impact YOUR Lease Payment obligations. The Equipment cannot be moved from the location above without OUR prior written consent. WE have the right to inspect the Equipment. YOU will not subject the Equipment to any abusive, corrosive or abnormal working conditions or any environmentally hazardous substance (under any applicable federal, state or local law, rule or regulation).
5. ASSIGNMENT. YOU agree not to transfer, sell, sublease, assign, pledge or encumber either the EQUIPMENT or any rights under this Lease without OUR prior written consent. YOU agree that WE may sell, assign or transfer this Lease and IF WE do, the new owner will have the same rights and benefits that WE now have and the rights of the new owner will not be subject to any claims, defenses, or offsets that YOU may have against US or any supplier ("Supplier") of the Equipment.
6. RISK OF LOSS AND INSURANCE. YOU shall bear all risk of Equipment loss or damage. If any such loss or damage occurs, YOU will satisfy all of YOUR Lease obligations. YOU will (a) keep the Equipment insured against all risks of loss or damage for an amount equal to its replacement cost, (b) let US as the insurance sole loss payee and (c) give US written proof of the insurance. If YOU do not provide such insurance, WE have the right, without obligation, to obtain such insurance and add an insurance fee (which may include a profit) to the amount due from YOU. WE have no responsibility for any losses or injuries caused by or relating to the Equipment and YOU will reimburse US and defend US against any such claims, which obligation will survive Lease termination. YOU will obtain and maintain comprehensive public liability insurance naming US an additional insured with coverages and amounts acceptable to US. YOU grant to US an irrevocable power of attorney to make claim for and receive and endorse all checks and other documents received as payment for such insurance policies.
7. TAXES. YOU agree to pay when due, either directly or as reimbursement to US, all taxes (including without limit sales, use and personal property) and charges in connection with ownership and use of the Equipment, plus a fee to US for collecting and administering any such taxes and charges and remitting them to the appropriate authorities and interest thereon at the highest legal rate allowed, from the date due until fully paid. YOU will indemnify US on an after-the-fact basis, on demand, against the loss or unavailability of any lessor-anticipated EQUIPMENT ownership tax benefits caused by YOUR acts or omissions. This indemnity will continue even after the termination of the Lease.
8. DEFAULT AND REMEDIES. YOU are in default of the Lease if (a) YOU fail to pay any Lease Payment or other sum when due, (b) YOU breach any obligation under this Lease, or any other agreement with US, or (c) YOU or any partner or guarantor dies, becomes insolvent, bankrupt, merges or is sold. Upon any default, WE may do one or more of the following: (i) declare the entire balance of the unpaid Lease Payments for the full term immediately due and payable, (ii) sue YOU for and receive all Lease Payments and any other payments then accrued or accelerated under this Lease or any other agreement plus the estimated fair market value of the Equipment at the end of the originally scheduled Lease Term, and (iii) accelerate Lease Payments and the estimated fair market value will be discounted to the date of default at the lesser of (A) a per annum interest rate equivalent to that of a U.S. Treasury constant maturity obligation (as reported by the U.S. Treasury Department) that would have a repayment term equal to the remaining Lease term, all as so reasonably determined by US, or (B) 3% per annum, but only to the extent permitted by law; (c) charge YOU interest on all monies due US at the rate of eighteen percent (18%) per year from the date of default until paid, but only to the extent permitted by law; (d) charge YOU a return-check or non-sufficient funds charge (NSF Charge) of \$25.00 for a check that is returned; and (e) require that YOU immediately return the Equipment to US or WE may peacefully repossess it. Such return or repossession of the Equipment will not constitute a termination of this Lease. If the Equipment is returned or repossessed, WE may sell or re-rent the Equipment at any time WE determine, at one or more public or private sales, on YOUR premises or elsewhere, with or without notice to YOU, and apply the net proceeds, after deducting the related costs and expenses, to YOUR obligations with YOU remaining liable for any deficiency and with any excess being retained by US. YOU agree that if notice of sale is required by law to be given, 10 days notice will constitute reasonable notice. YOU are also required to pay (a) all expenses incurred by US in connection with enforcement of any remedies, including all expenses of repossessing, storing, shipping, repairing and selling the Equipment, and (b) reasonable attorney's fees.
9. END OF LEASE, RETURN, PURCHASE OPTION AND RENEWAL. Upon at least 120, but not more than 180 days written notice to US prior to the expiration of the Lease term (or any renewal), YOU shall advise US of YOUR intention to either return or purchase the Equipment, whichever YOU may: (a) return the Equipment to any location designated by US, freight and insurance prepaid, in as good condition as when it was delivered to YOU, ordinary wear and tear resulting from proper use only excepted, and if WE reasonably determine that the Equipment is not in the condition required above, WE may repair the Equipment to achieve such condition, and YOU will reimburse US for all OUR reasonable expenses to do so, or (b) provided YOU are not in default hereunder, purchase all but not less than all of the Equipment on the terms as indicated in the End of Lease Purchase Option checked above. Any FMV purchase option amount will be determined by US based on Equipments in place value, and to "AS IS", WITHOUT REPRESENTATION OR WARRANTY, WHETHER EXPRESS OR IMPLIED. If the Equipment is returned to US, YOU shall remove all confidential information from the Equipment prior to return. If YOU fail to timely notify US, or if YOU do not (a) purchase or (b) return the Equipment, in each case as provided herein, this Lease shall renew at the same Lease Payment for consecutive 120 day periods. If any Software license ("License") included hereunder passes title to YOU, such title shall automatically vest and remain in US. If each vesting requires a written conveyance, YOU hereby convey to US any title YOU have or hereafter acquire in the Software and relinquish any subsequent title in the Software. If license consent is required because the License limits benefit of the Software, then YOU shall assist US in obtaining consent. WE may charge YOU a lease disposal fee of \$250.00 for the Equipment returned by YOU to US at the end of the Lease term. The return of the Equipment is subject to the terms and conditions of the state Equipment Return Rider.
10. MISCELLANEOUS. YOU agree that the Lease is a Finance Lease as defined in Article 2A of the Uniform Commercial Code ("UCC"). YOU acknowledge that WE have given YOU the Equipment supplier's name. WE hereby notify YOU that YOU may have rights and remedies under the UCC and may contact the supplier for a description of these rights. YOU agree that WE are authorized, without notice to YOU, to supply missing information or correct obvious errors in the Lease. This Lease was made in Pennsylvania ("PA") and is deemed performed in PA and shall be governed and construed in accordance with the laws of PA. YOU consent to the non-exclusive jurisdiction, personal or otherwise, in any state or federal court in PA, and waive trial by jury. YOU agree (a) to waive any and all remedies granted to YOU under UCC Section 2A-508 through 2A-522, (b) that the Equipment will only be used for business purpose not for personal, family, or household use, and will not be moved from the above location without OUR consent, and (c) that a facsimile of this Lease and each document executed in connection with this Lease may be treated as an original and will be admissible as legal evidence. YOU may inspect the Equipment during the Lease term. WE shall not be liable to YOU for indirect, special, or consequential loss or damage to or shall be deemed a waiver of any rights hereunder.

YOU agree to all the Terms and Conditions contained in this Lease, and in all attachments to same (all of which are included by reference) and become part of this Lease. You agree this is a non-cancellable Lease.

Signature Eric Choltco Date 1/22/2017

Title Director

Print Name Eric Choltco

Legal Name of Corporation
Kapstone Charleston Kraft LLC

The Equipment has been received, put in use, is in good working order satisfactory and acceptable. You agree that we may, at our discretion, call telephone your acceptance of the equipment.

Signature _____ Date _____

Print Name _____ Title _____

De Lage Lenden Financial Services, Inc.
Lease Processing Center, 1111 Old Eagle School Road, Wayne, PA 1

PHONE: (866) 358-6438 FAX: (866) 287-1176

Commencement Date 5/31/17 Agreement Number _____

Accepted By Cham



CERTIFICATE OF DELIVERY AND ACCEPTANCE (ELA)

To: **DE LAGE LANDEN FINANCIAL SERVICES, INC. ("LESSOR")**

Equipment Information	Quantity	New/Used	Equipment Make	Model	Serial Number(s)	Description
	1	New	CATERPILLAR - MH	2ET3500	FN537642	Class I - Electric Rider Forklift with Battery and Charger
Equipment Location 5600 VIRGINIA AVE						
City		County		State	Zip	
NORTH CHARLESTON		CHARLESTON		SC	294063612	

The undersigned hereby acknowledges and agrees that the undersigned has unconditionally accepted all of the Equipment described above in accordance with Equipment Lease Agreement ("Lease") covering the Equipment between Kapstone Charleston Kraft LLC ("Lessee") and Lessor, and that the Equipment has been delivered, inspected, installed and is in good-working condition. The undersigned hereby approves and authorizes payment by Lessor to the Supplier of the Equipment. The undersigned agrees that a facsimile copy of this certificate with facsimile signatures may be treated as an original and will be admissible as evidence of this certificate and Lessee's acceptance of the Equipment.

LESSEE SIGNATURE	Lessee: Kapstone Charleston Kraft LLC
	Signature: <i>Eric Choltes (Mills, Container & Corporate)</i>
	Print Name: <i>*Eric Choltes (Mills, Container & Corporate)</i>
	Title: Director
	Date: 5/31/2017 7:56 AM PDT

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EQUIPMENT RETURN RIDER belonging to Application Number 100-10128072

This EQUIPMENT RETURN RIDER ("Rider"), effective as of this 10th day of November, 2016, is by and between Kapstone Charleston Kraft LLC and De Lage Landen Financial Services, Inc. and is made a part of and amends that certain Equipment Lease Agreement ("Agreement") Unless otherwise defined herein, capitalized terms shall have the definition set forth in the Agreement

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound and pursuant to the terms and conditions of the Agreement, the parties hereby agree as follows:

1 The following language applies to the Agreement

For each unit of returned Equipment the hydraulics and transmission must operate properly at full capacity as per manufacturer's specifications, engines must meet the then current smoke emissions standards, start without any outside assistance and be free of oil leaks, all oil and hydraulic fluid samples must be clean with no dirt or foreign substances present, frames, structural members, cabs, canopies, ROPS, enclosures, lights, and any accessories and attachments must be structurally sound without breaks or cracks, in good working condition, and in compliance with all federal, state, local and other regulatory requirements, all surfaces must be clean and free of any foreign substances, and if applicable, tires must be the same brand as when delivered new and have at least 50% remaining tread life. Batteries must be installed in electric units and will be in good, safe operating condition with no dead cells, cracked cases or broken connectors. Chargers when included must be returned and will maintain electrical output as specified by the manufacturer, with no case damage or broken connectors. Radiator and cooling system shall be free from leaks. Brakes will hold unit as specified by manufacturer with or without a rated load. Each unit of Equipment must be returned with all of the manuals, maintenance records, log books, inspection and overhaul records, operating requirements and other materials pertinent to the Equipment's operation, maintenance, assembly and disassembly. If we reasonably determine, by use of an independent appraiser or otherwise, that the Equipment, once it is returned, is not in the condition required above, we may repair, service, upgrade, modify or overhaul the Equipment to achieve such condition and, upon demand, you will reimburse us for all of our reasonable expenses to do so.

2 It is expressly agreed by the parties that this Rider is supplemental to the Agreement, which is by reference made a part hereof, and modifies the Agreement only to extent set forth herein

3 In the event of any conflict, inconsistency or incongruity between the provisions of this Rider and any of the provisions of the Agreement, the provisions of this Rider shall in all respects govern and control.

4 This Rider may be executed by one or more of the parties on any number of separate counterparts, each of which counterparts shall be an original, but all of which when together shall be deemed to constitute one and the same instrument

5 The terms hereof may not be terminated, amended, supplemented or modified orally, but only by an instrument duly authorized by each of the parties hereto

IN WITNESS WHEREOF, the parties have caused this Rider to be executed on the date set forth above.

SIGNATURE	Kapstone Charleston Kraft LLC	
	Signature <i>Eric Choltco</i>	Date 11/10/2017
	Print Name Eric Choltco	
	Title Director	

SIGNATURE	De Lage Landen Financial Services, Inc.	
	Signature <i>Jason Allen</i>	Date 11/3/17
	Print Name Jason Allen	
	Title <i>FA</i>	

14MHDOC214

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SURVEY OF OPERATING CONDITIONS AND USE OF THE EQUIPMENT ("Survey")

Application Number: 100-10126072

De Lage Landen Financial Services, Inc. ("Lessor") Lease Agreement/Lease Schedule ("Lease") relating to the below described equipment ("Equipment").

Equipment Information	Year	Full Serial Number	Make	Model	Description
	2016		CATERPILLAR - MH	2ET3500	Class I - Electric Rider Forklift with Battery and Charger

Please fill out this Survey completely. This document is the survey of mutually agreeable operating conditions and use of the equipment referenced in the above Lease.

Full Legal Name: Kapstone Charleston Kraft LLC

Equipment Location: 5600 VIRGINIA AVE NORTH CHARLESTON, SC 29406-3612

I. If YOUR use of the Equipment exceeds 1000 ("Allowed Hours") per year, respectively, YOU agree to pay US as additional rent for each excess hour per year per applicable unit(s) of Equipment, respectively, an amount determined by multiplying the monthly Lease Payment applicable to each applicable unit of Equipment by 12, dividing the resulting number by the number of Allowed Hours, and then multiplying the number resulting from such division by 1.25 for each unit of Equipment that exceeds the Allowed Hours

II. Application Guide Please select the application which best describes how and where the Equipment will be used

- ☒ **Normal/Clean:** The Equipment will encounter few if any adverse conditions. Typically, this would apply to light manufacturing, general warehousing, pharmaceuticals and transportation
- ☐ **Not Normal/Clean:** Applications where "Clean", "Moderately Abusive" and "Severely Abusive" do NOT apply and/or usage is not normal. Typically, this would apply to lightly dusty and/or fibrous conditions, slightly wet applications, uneven/rutted floors, brickyards, lumberyards, plastics manufacturing
- ☐ **Moderately Abusive:** Applications where additional options and/or maintenance are required because of the operating environment. Typically, this would apply to paper mills, textile mills, concrete handling, cold storage, freezer, highly dusty and/or fibrous operating environments, agriculture, sand, textiles manufacturing and very wet conditions
- ☐ **Severely Abusive:** Operating environments that will clearly reduce the Equipment's useful life. Typically, this would apply to foundries, forging, furnaces, refractories, paper or metal recycling, abrasive manufacturing, acid, brine and pickling, salt water environments, chemical plants, corrosives, fertilizer plants, metalworking, steel mills, poultry and fish processing, tanneries and hide processing plants/locations

Please note any exposure to ☐ Corrosives ☐ Heat ☐ Metal Shavings ☐ Hazardous Materials/Environment

Lessor understands that equipment is occasionally operated in an industry that may indicate a more severe application than the particular usage of the specific equipment (e.g. a forklift in a foundry used to unload and load trucks which does not ever go near the furnace and is not exposed to high heat or dust)

The undersigned, duly authorized on behalf of the Lessee, hereby certifies that the above information is true and correct as of the date hereof

LESSEE SIGNATURE	Lessee Kapstone Charleston Kraft LLC	
	Signature 	
	Print Name ERIC CHOITCO	
	Title Director	Date 1/12/2017

DEALER CONCURRENCE	Dealer G&W EQUIPMENT INC	
	Signature X 	
	Print Name JOHN SABBATINI	
	Title VICE PRESIDENT	Date 1/15/17

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100-10126074

EQUIPMENT LEASE AGREEMENT

Application Number 100-10126076

TO OUR VALUED CUSTOMER: This Equipment Lease Agreement ("Agreement") has been written in "Plain English". The words YOU and YOUR are used in this Agreement to mean the Lessee identified below. The words WE, US and OUR are used in this Agreement to mean the Lessor, which is De Lage Landen Financial Services, Inc. and any of its affiliates, subsidiaries, successors or assigns. Our address is 1111 Old Eagle School Road, Wayne, PA 19087. Please read YOUR copy of this Lease carefully and feel free to ask US any questions YOU may have about it.

Lessee	Lessee Name Kapstone Charleston Kraft LLC				Supplier	Supplier Name G&W EQUIPMENT INC				
	Address 5600 VIRGINIA AVE					Address 600 LAWTON RD ID F6828				
	City NORTH CHARLESTON	State SC	Zip 29406-3612			City CHARLOTTE	State NC	Zip 282163437		
	Phone (843) 745-3000					Phone				
Equipment Information	Quantity	New/Used	Equipment Make	Model	Serial Number(s)	Description				
						See Attached Appendix for Equipment Information				
	Equipment Location									
	City		County		State		Zip			
Payment Information	Lease Term in Months 36				Lease Payment \$3,992.32		Payment Frequency Monthly ☒ Quarterly ☐ Other ☐			
	Per-Diem Rent				WE may charge YOU, and YOU agree to pay per-diem from the date YOU accept the Equipment to the date that is the first Lease Payment due date. The total per-diem rent is due with YOUR first or second Lease Payment as billed by US.					
	YOU agree to pay, at the time YOU sign this Lease, \$0.00 as advance rent. If more than one Lease Payment is due in advance, the additional Lease Payment(s) will be applied to the end of the Lease Term. In addition to the Lease Payment, YOU agree to pay all applicable sales and use taxes, unless YOU (a) provide US a valid tax exempt certificate, or (b) the sales and use tax is financed as a part of the Equipment cost as noted in the Additional Provisions section below. YOU also agree to pay all other taxes, in addition to sales and use taxes, in accordance with Section 12 of this Lease.									
	Additional Provisions									
	End of Lease Options: ☒ FMV ☐ Fixed Purchase Price of _____ ☐ \$1.00					Operating Conditions: If the End of Lease Purchase Option is Fair Market Value, or Fixed Purchase Price see attached Survey of mutually agreeable operating conditions and use of the Equipment, as made part of this Lease				
End of Lease Option shall be FMV unless another option is selected. These options are subject to the terms and conditions on the reverse or 2nd page of this lease										

TERMS AND CONDITIONS

- LEASE:** WE agree to lease to YOU and YOU agree to lease from US, the Equipment listed above (and on any attached schedule) including all replacement parts, repairs, additions and accessories ("Equipment") under the terms and conditions on the front and back (or both pages) of this Lease. In order to maintain OUR rate of return, YOU authorize US to adjust the Lease Payments by not more than fifteen percent (15%) if the cost of the Equipment or taxes is more or less than the supplier's estimate or if YOUR acceptance of the Equipment is more than sixty (60) days from the date YOU sign this Lease. YOU agree that a facsimile copy of this Lease with facsimile signatures may be treated as an original and will be admissible as evidence of the Lease.
- TERM:** The Lease goes into effect and the term of the Lease begins when YOU accept the Equipment ("Commencement Date"). YOU irrevocably accept the Equipment on the earlier of 1) YOUR delivery to US of a signed Certificate of Acceptance or 2) 10 days after delivery of the Equipment provided YOU have not given US written notice of YOUR non-acceptance of the Equipment. Unless otherwise indicated above, Lease Payments will be due beginning on the first or the fifteenth day of the first full month following YOUR acceptance of the Equipment as WE shall designate and on the same day of each successive month thereafter until the balance of the Lease Payments and any additional Lease Payments or expenses chargeable to YOU under this Lease are paid in full. YOUR obligation to pay the Lease Payments and other Lease obligations is absolute and unconditional and is not subject to cancellation, reduction, setoff or counterclaim. THIS AGREEMENT IS NON-CANCELABLE.
- LATE CHARGES/DOCUMENTATION FEES:** Whenever any Lease Payment or other amount payable hereunder is not made within 5 days of its date due, YOU agree to pay US, within one month, a late charge calculated at the rate of 5% of each such delayed payment or \$10.00, whichever is greater, but only to the extent permitted by law. Unless included in the cost of the Equipment to US, YOU agree to pay US a fee not to exceed \$500.00 to reimburse OUR expenses for preparing financing statements, other documentation costs and all ongoing administration costs during the term of this Lease.
- DELIVERY AND ACCEPTANCE:** YOU are responsible at YOUR own cost (unless such costs are included in the cost of the Equipment to US) to arrange for the delivery and installation of the Equipment. YOU agree to accept the Equipment when it is delivered and to sign the Certificate of Acceptance supplied by US. YOUR use of the Equipment will comply with all insurance requirements, all applicable laws and regulations and all applicable Supplier and manufacturer requirements and instructions. YOU will not alter or modify the Equipment.
- WARRANTY MATTERS:** WE are leasing the Equipment to YOU "AS-IS" and WE MAKE NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE OR THE LIKE. Provided no default has occurred and is continuing under this Lease, WE assign to YOU for the term of this LEASE all warranties, if any, made by the manufacturer. YOU ACKNOWLEDGE THAT NO ONE IS AUTHORIZED TO WAIVE OR CHANGE ANY TERM, PROVISION OR CONDITION OF THIS LEASE AND EXCEPT FOR THE MANUFACTURER WARRANTIES, MAKE ANY REPRESENTATION OR WARRANTY ABOUT THIS LEASE OR THE EQUIPMENT. WE SHALL NOT BE LIABLE FOR ANY SPECIAL, RESULTING OR CONSEQUENTIAL DAMAGES OR LOSS OF PROFIT OCCASIONED BY ANY BREACH OF WARRANTY OR REPRESENTATION OR RESULTING FROM THE USE OR PERFORMANCE OF THE EQUIPMENT. YOUR OBLIGATION TO PAY IN FULL ANY AMOUNT DUE UNDER THIS LEASE WILL NOT BE AFFECTED BY ANY DISPUTE, CLAIM, COUNTERCLAIM, DEFENSE OR OTHER RIGHT WHICH YOU MAY HAVE OR ASSERT AGAINST THE SUPPLIER OR MANUFACTURER OF THE EQUIPMENT.

(Terms and Conditions continued on the reverse or 2nd page of this Lease)

LESSEE SIGNATURE	Signature <i>Eric Chelton</i>	Date 12/28/2016
	Print Name Eric Chelton	
	Title Director	
	For Kapstone Charleston Kraft LLC	

LESSOR SIGNATURE	Signature <i>Dionne Hoggard</i>	Date 3/31/17
	Print Name Dionne Hoggard	
	Title Contract Specialist	
	For DE LAGE LANDEN FINANCIAL SERVICES, INC.	
Agreement Number 100-10126074		

YOUR INITIALS ARE REQUIRED ON THE SECOND PAGE OF THIS LEASE

6. TITLE, UCC FILINGS, PERSONAL PROPERTY, LOCATION AND INSPECTION. Unless YOU have a \$1.00 purchase option, WE own the Equipment and YOU have the right to use the Equipment for the full Lease term provided YOU comply with the terms and conditions of this Lease. If YOU have a \$1.00 purchase option and/or the Lease is deemed to be a security agreement, YOU grant US a security interest in the Equipment and all proceeds, and authorize US to file financing statements with respect to the Equipment. Although the Equipment may become attached to real estate, it remains personal property and YOU agree not to permit a lien to be placed upon the Equipment. If WE feel it is necessary, YOU agree to provide US with waivers of interest or liens, from anyone claiming an interest in the real estate on which any item of Equipment is located. YOU will keep and use the Equipment only at the Equipment Location specified in this Agreement. YOU may not move the Equipment without our prior written consent, which WE will not unreasonably withhold. WE also have the right, at reasonable times, to inspect the Equipment.

7. USE AND MAINTENANCE. At YOUR own expense, YOU will keep, use and maintain the Equipment as required by applicable insurance policies, all applicable laws and regulations and all applicable Supplier and manufacturer requirements and instructions. YOU will maintain written and dated records of all lubrication, maintenance and service for each unit of Equipment. YOU will keep the Equipment in as good operating condition as when it was delivered to YOU, ordinary wear and tear resulting from proper use only excepted, and will provide all maintenance and service and make all repairs reasonably necessary for such purpose. Any such repair parts must be original manufacturer approved repair parts. YOU will not in any event subject the Equipment to any abusive, corrosive or abnormal working conditions or any environmentally hazardous substance (under any applicable federal, state or local law, rule or regulation), without our prior written consent. YOU will not make any alterations, additions or replacements to the Equipment without prior written consent. All alterations, additions and replacements will become part of the Equipment and our property at no cost or expense to US. IN THE EVENT THE LEASE PAYMENTS INCLUDE THE COST OF MAINTENANCE AND/OR SERVICE BEING PROVIDED BY THE SUPPLIER AND/OR MANUFACTURER, YOU ACKNOWLEDGE THAT WE ARE NOT RESPONSIBLE FOR PROVIDING ANY REQUIRED MAINTENANCE AND/OR SERVICE FOR THE EQUIPMENT. YOU WILL MAKE ALL CLAIMS FOR MAINTENANCE AND/OR SERVICE SOLELY TO THE SUPPLIER AND/OR MANUFACTURER AND SUCH CLAIMS WILL NOT AFFECT YOUR OBLIGATION TO MAKE ALL REQUIRED LEASE PAYMENTS.

8. ASSIGNMENT. YOU AGREE NOT TO TRANSFER, SELL, SUBLEASE, ASSIGN, FLEDGE OR ENCUMBER EITHER THE EQUIPMENT OR ANY RIGHTS UNDER THIS LEASE WITHOUT OUR PRIOR WRITTEN CONSENT. YOU agree that we may sell, assign or transfer this Lease and if WE do, the new owner will have the same rights and benefits that WE now have and the rights of the new owner will not be subject to any claims, defenses, or offsets that YOU may have against US.

9. RETURN, PURCHASE OPTION AND RENEWAL. Upon at least one hundred twenty (120) but not more than one hundred eighty (180) days written notice to US prior to the expiration of the Lease term, YOU shall advise US of YOUR intention to either return the Equipment to US or purchase the Equipment at the end of the Lease term. Provided YOU have given such timely notice of YOUR election to return the Equipment, YOU shall return the Equipment to the Supplier or any other location designated by US, freight and insurance (at the Equipment's full replacement value) prepaid, in as good condition as when it was delivered to YOU, ordinary wear and tear resulting from proper use only excepted, which shall at a minimum require that the Equipment (a) the hydraulics, brakes, steering and transmission to operate properly at full capacity as per manufacturer specifications, (b) engines must meet the then current smoke emission standards, start without any outside assistance and be free of oil leaks, (c) all oil and hydraulic fluid samples must be clean with no dirt or foreign substances present, (d) frames, structural members, cabs, canopies, ROPS, enclosures, lights, and any accessories and attachments must be structurally sound without breaks or cracks, in good working condition, and in compliance with all federal, state, local and other regulatory requirements, (e) all surfaces must be clean and free of any concrete, asphalt or tar, (f) tire, lower and lift to its full capacity and range, (g) if applicable, tires must be same brand as when delivered new and have at least 50% remaining tread life, and (h) be otherwise in complete and running condition with no missing or damaged components or parts. Each unit of Equipment must be returned with all of the manuals, maintenance records, log books, inspection and overhaul records, operating requirements and other materials pertinent to the Equipment's operation, maintenance, assembly and disassembly. If WE reasonably determine, by use of an appraiser or otherwise, that the Equipment, once it is returned, is not in the condition required above, WE may repair, service, modify or overhaul the Equipment to achieve such condition, and YOU will reimburse US for all our reasonable expenses to do so. Provided YOU have given proper notice of YOUR election to purchase the Equipment and YOU are not in default, YOU shall have the option to purchase all but not less than all of the Equipment on the terms as indicated in the End of Lease Options checked above. WE will use OUR reasonable judgment to determine the Equipment's fair market value for all FMV purchase options that shall be based on the Equipment remaining in place, on an "AS-IS" "WHERE IS" basis, without representation or warranty of any kind, whether express or implied. If YOU fail to notify US of YOUR intention to return or purchase the Equipment, or having notified US, YOU fail to return or purchase the Equipment as provided herein, this Lease shall renew for consecutive sixty (60) day periods and YOU agree to continue to make Lease Payments at the same monthly Lease Payments as set forth in the Lease subject to YOUR right to terminate the Lease upon sixty (60) days written notice, in which case YOU will immediately deliver the Equipment to US as stated in this paragraph. WE may charge YOU a lease disposal fee of \$250.00 for each unit returned at the end of this Agreement.

10. LOSS OR DAMAGE. YOU are responsible for the risk of loss or destruction of, or damage to the Equipment. No such loss or damage relieves YOU from any obligation under this Lease.

11. INDEMNITY. WE are not responsible for any losses or injuries caused by the manufacture, acquisition, delivery, installation, ownership, use, lease, possession, maintenance, operation or rejection of the Equipment or defects in the Equipment. YOU agree to reimburse US for and to defend US against any claim for losses or injuries related to the Equipment or this Lease. This indemnity will continue even after the termination of this Lease.

12. TAXES. YOU agree to pay all license and registration fees, sales and use taxes, personal property taxes and all other taxes and charges relating to the ownership, leasing, rental, sales, purchase, possession or use of the Equipment (except

those based on OUR net income) (collectively, "Taxes") in addition to the Lease Payment as billed by US. YOU agree that if WE pay any taxes or charges on YOUR behalf, YOU will reimburse US for all such payments, plus a fee to US for collecting and administering any such Taxes and remitting them to the appropriate authorities and interest thereon at the highest legal rate allowed, from the date due until fully paid. Unless YOU have a \$1.00 purchase option, YOU will indemnify US upon demand and on a net after-tax basis against the loss (including recapture) of or inability to claim, or if WE shall suffer a disallowance or deferral of, as determined in good faith by US, any Equipment ownership, or Lease-related, federal and/or state income tax benefits anticipated by US at the Commencement Date resulting from any of YOUR acts.

13. INSURANCE. During the term of this Lease, YOU will keep the Equipment insured against all risks of loss or damage in an amount not less than the full replacement value of the Equipment, naming US as sole or lender loss payee, as applicable, and without co-insurance. YOU will also obtain and maintain for the term of this Lease, comprehensive public liability insurance with personal injury limits and property damage limits in amounts WE may from time to time require, naming US as additional insured. YOU will pay all premiums for such insurance and must deliver proof of insurance coverage satisfactory to US. If YOU do not provide such insurance, WE have the right, without obligation, to obtain such insurance and add an insurance fee (which may include a profit) to the amount due from YOU. YOU grant to US an irrevocable power of attorney to make claim for and receive and endorse all checks and other documents received as payment for such insurance policies.

14. DEFAULT. YOU are in default of the Lease if any of the following occurs: a) YOU fail to pay any Lease Payment or other sum when due, b) YOU breach any warranty or other obligation under this Lease, or any other agreement with US, c) YOU or any partner or guarantor dies, YOU become insolvent or unable to pay YOUR debts when due, YOU stop doing business as a going concern, YOU transfer all or substantially all of YOUR assets, YOU make an assignment for the benefit of creditors, or d) YOU or any guarantor or partner voluntarily file or have filed against YOU or it involuntarily, a petition for liquidation, reorganization, adjustment of debt or similar relief under the Federal Bankruptcy Code or any other present or future federal or state bankruptcy or insolvency law, or a trustee, receiver or liquidator is appointed for YOU or it or a substantial part of YOUR or its assets.

15. REMEDIES. WE may declare the entire balance of the unpaid Lease Payments for the full term immediately due and payable, sue for and receive all Lease Payments and any other payments then accrued or accelerated under this Lease or any other agreement plus the estimated fair market value of the Equipment at the end of the originally scheduled Lease term, and all accelerated Lease Payments and the estimated fair market value will be discounted to the date of default at the lesser of (i) a per annum interest rate equivalent to that of a U.S. Treasury constant maturity obligation (as reported by the U.S. Treasury Department) that would have a repayment term equal to the remaining Lease term, all as reasonably determined by US, or (ii) 3% per annum, but only to the extent permitted by law, terminate this Lease, charge YOU interest on all monies due US at the rate of eighteen percent (18%) per year from the date of default until paid, but in no event more than the maximum rate permitted by law, charge YOU a return-check or non-sufficient funds charge ("NSF Charge") of \$25.00 for a check that is returned for any reason, and require that YOU return the Equipment to US and in the event YOU fail to return the Equipment, enter upon the premises peacefully with or without legal process where the Equipment is located and repossess the Equipment. Such return or repossession of the Equipment will not constitute a termination of this Lease unless WE expressly notify YOU in writing. In the event the Equipment is returned or repossessed by US and unless WE have terminated the Lease, WE will sell or re-rent the Equipment to any persons with any terms WE determine, at one or more public or private sales, on YOUR premises or elsewhere, with or without notice to YOU, and apply the net proceeds after deducting the costs and expenses of such sale or re-rent, to YOUR obligations with YOU remaining liable for any deficiency and with any excess being retained by US. YOU agree that if notice of sale is required by law to be given, 10 days' notice will constitute reasonable notice. The credits for any sums to be received by US from any such rental shall be discounted to the date of the agreement at six percent (6%) per year. YOU are also required to pay (i) all expenses incurred by US in connection with enforcement of any remedies, including all expenses of repossessing, storing, shipping, repacking and selling the Equipment, and (ii) reasonable attorney's fees.

16. WARRANTIES, FINANCIAL STATEMENTS. YOU warrant and represent that a) YOU have the necessary power and authority to enter into and perform YOUR obligations under this Lease, b) the Equipment will be used for business purposes, and not for personal, family or household purposes, c) YOU agree to provide to US, YOUR financial statements (audited if available) annually within ninety (90) days of YOUR fiscal year-end.

17. CHOICE OF LAW. This Lease shall be deemed fully executed and performed in the Commonwealth of Pennsylvania and shall be governed and construed in accordance with the laws thereof. YOU hereby consent and agree that non-exclusive jurisdiction, personal or otherwise, over YOU and the Equipment shall be with the courts of the Commonwealth of Pennsylvania or the Federal District Court for the Eastern District of Pennsylvania, solely at OUR option, with respect to any provision of this Lease. YOU also agree to waive YOUR right to a trial by jury.

18. ENTIRE AGREEMENT; SEVERABILITY; WAIVERS. This Lease contains the entire agreement and understanding. No agreements or understandings are binding on the parties unless set forth in writing and signed by the parties. YOU agree, however, that WE are authorized, without notice to YOU, to supply missing information or correct obvious errors in this Lease. Any provision of this Lease, which for any reason may be held unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective without invalidating the remaining provisions of this Lease. If more than one lessee signs this Lease, the obligations of each lessee shall be joint and several. YOU agree that this Lease is a Finance Lease as that term is defined in Article 2A of the Uniform Commercial Code ("UCC"). YOU acknowledge that WE have given YOU the name of the Supplier of the Equipment. WE hereby notify YOU that YOU may have rights under the contract with the Supplier and YOU may contact the Supplier for a description of any rights or warranties that YOU may have under this supply contract. YOU also waive any and all rights and remedies granted YOU under Sections 2A-508 through 2A-522 of the UCC. THIS LEASE IS NOT INTENDED FOR TRANSACTIONS WITH AN EQUIPMENT COST LESS THAN \$1,000.

Lessee Initials EL

financial solutions
partner

EQUIPMENT LEASE AGREEMENT APPENDIX

Application Number 100-10126076

Equipment Location 5600 VIRGINIA AVE NORTH CHARLESTON, SC 294063612					
Quantity	New / Used	Equipment Make	Model	Serial Number(s)	Description
1	New	CATERPILLAR - MH	GC55KLP	AT88B10031	Class IV - IC Cushion Forklift
1	New	CATERPILLAR - MH	GC55KLP	AT88B10029	Class IV - IC Cushion Forklift
1	New	Cascade	100F	PTL2207001	Forklift Attachments
1	New	CATERPILLAR - MH	GC40KLP	AT87B10083	Class IV - IC Cushion Forklift
1	New	Cascade	30H PAPER ROLL CLAMP	PTL22068171K1	Forklift Attachments

LESSEE SIGNATURE	Signature	Date
	<i>Eric Cheltes</i>	12/28/2016
	Print Name	Eric Cheltes
	Title	Director
	For	Kapstone Charleston Kraft LLC

LESSOR SIGNATURE	Signature	Date
	<i>Dionne Hoggard</i>	5/31/17
	Print Name	Dionne Hoggard
	Title	Contract Specialist
	For	DE LAGE LANDEN FINANCIAL SERVICES, INC.
	Agreement Number	100-10126076

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partner

CERTIFICATE OF DELIVERY AND ACCEPTANCE (ELA)

To: DE LAGE LANDEN FINANCIAL SERVICES, INC. ("LESSOR")

Equipment Information	Quantity	New/Used	Equipment Make	Model	Serial Number(s)	Description
			IC Cushion Forklift	MH GC55KLP Class IV	AT88B10031	
			IC Cushion Forklift	MH GC55KLP Class IV	AT88B10029- CLAMP	SN PTL22070011 w/ Cascade 100F Forklift Attachments
			IC Cushion Forklift	MH GC40KLP Class IV	AT87B10083- CLAMP	SN PTL22058171R1 w/ Cascade 30H PAPER RL CLMP Forklift
Equipment Location						
City		County		State	Zip	

The undersigned hereby acknowledges and agrees that the undersigned has unconditionally accepted all of the Equipment described above in accordance with Equipment Lease Agreement ("Lease") covering the Equipment between Kapstone Charleston Kraft LLC ("Lessee") and Lessor, and that the Equipment has been delivered, inspected, installed and is in good-working condition. The undersigned hereby approves and authorizes payment by Lessor to the Supplier of the Equipment. The undersigned agrees that a facsimile copy of this certificate with facsimile signatures may be treated as an original and will be admissible as evidence of this certificate and Lessee's acceptance of the Equipment.

LESSEE SIGNATURE	Lessee: Kapstone Charleston Kraft LLC	
	Signature	<i>Eric Chotico Mills, Container & Corporate</i> Sig
	Print Name	ERIC CHOTICO (Mills, Container & Corporate)
	Title	Director
	Date	5/31/2017 7:56 AM PDT

SURVEY OF OPERATING CONDITIONS AND USE OF THE EQUIPMENT ("Survey")

Application Number: 100-10126076

De Lage Landen Financial Services, Inc. ("Lessor") Lease Agreement/Lease Schedule ("Lease") relating to the below described equipment ("Equipment").

Equipment Information	Year	Full Serial Number	Make	Model	Description
					See Attached Appendix for Equipment Information

Please fill out this Survey completely. This document is the survey of mutually agreeable operating conditions and use of the equipment referenced in the above Lease.

Full Legal Name: Kapstone Charleston Kraft LLC

Equipment Location: 5600 VIRGINIA AVE NORTH CHARLESTON, SC 29406-3612

I. If YOUR use of the Equipment exceeds 2000 ("Allowed Hours") per year, respectively, YOU agree to pay US as additional rent for each excess hour per year per applicable unit(s) of Equipment, respectively, an amount determined by multiplying the monthly Lease Payment applicable to each applicable unit of Equipment by 12, dividing the resulting number by the number of Allowed Hours, and then multiplying the number resulting from such division by 1.25 for each unit of Equipment that exceeds the Allowed Hours

II. Application Guide: Please select the application which best describes how and where the Equipment will be used

- ☐ Normal/Clean: The Equipment will encounter few if any adverse conditions. Typically, this would apply to light manufacturing, general warehousing, pharmaceuticals and transportation
- ☐ Not Normal/Clean: Applications where "Clean", "Moderately Abusive" and "Severely Abusive" do NOT apply and/or usage is not normal. Typically, this would apply to lightly dusty and/or fibrous conditions, slightly wet applications, uneven/rutted floors, brickyards, lumberyards, plastics manufacturing
- ☒ Moderately Abusive: Applications where additional options and/or maintenance are required because of the operating environment. Typically, this would apply to paper mills, textile mills, concrete handling, cold storage, freezer, highly dusty and/or fibrous operating environments, agriculture, sand, textiles manufacturing and very wet conditions
- ☐ Severely Abusive: Operating environments that will clearly reduce the Equipment's useful life. Typically, this would apply to foundries, forging, furnaces, refractories, paper or metal recycling, abrasive manufacturing, acid, brine and pickling, salt water environments, chemical plants, corrosives, fertilizer plants, metalworking, steel mills, poultry and fish processing, tanneries and hide processing plants/locations

Please note any exposure to ☐ Corrosives ☐ Heat ☐ Metal Shavings ☐ Hazardous Materials/Environment

Lessor understands that equipment is occasionally operated in an industry that may indicate a more severe application than the particular usage of the specific equipment (e.g. a forklift in a foundry used to unload and load trucks which does not ever go near the furnace and is not exposed to high heat or dust)

The undersigned, duly authorized on behalf of the Lessee, hereby certifies that the above information is true and correct as of the date hereof

LESSEE SIGNATURE	Lessee Kapstone Charleston Kraft LLC	
	Signature <i>Eric Chelton</i>	
	Print Name ERIC CHELTON	
	Title Director	Date 12/28/2016

DEALER CONCURRENCE	Dealer G&W EQUIPMENT INC	
	Signature X <i>[Signature]</i>	
	Print Name JOHN SABBACH	
	Title VICE PRESIDENT	Date 1/15/17

@Once Survey: 10@MH021 Version MHELA Two Page 0.0

100-10134498

100 # 100-10134498

Full Legal Name Kapstone Charleston Kraft LLC				Phone Number (843) 745-3000
Billing Address 6600 VIRGINIA AVE	City NORTH CHARLESTON	State SC	Zip 29406-3612	Purchase Order Requisition Number (for equipment identification only)
Equipment Location (if not same as above) 5600 VIRGINIA AVE	City NORTH CHARLESTON	State SC	Zip 294063612	Send Invoice to Attention of

Quantity	New / Used	Equipment Make	Model Number	Serial Number	Description
1	New	Mitsubishi	FG25N	AF17E02679	Class V - IC Pneumatic Forklift

Lease Term in Months \$4	Lease Payment \$312.00	Payment Frequency Monthly ☒ Quarterly ☐ Other ☐	End of Lease Purchase Option (if any) ☒ FMV ☐ \$1.00 ☐ Fixed Purchase Price of
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YOU agree to pay, at the time YOU sign this Lease, \$ 00 as advance rent. If more than one Lease Payment is due in advance, the additional Lease Payment(s) will be applied to the end of the Lease Term. In addition to the Lease Payment, YOU agree to pay all applicable sales and use taxes, unless YOU (a) provide US a valid tax exempt certificate, or (b) the sales and use tax is financed as a part of the Equipment cost as noted in the Additional Provisions section below. YOU also agree to pay all other taxes, in addition to sales and use taxes, in accordance with this Lease.

Additional Provisions (if any)

if the End of Lease Option is Fair Market Value or Fixed Purchase Price, see attached Survey of mutually agreeable operating conditions and use of the Equipment, as made part of this Lease

TERMS AND CONDITIONS

YOU ("Lessee") agree to Lease from US ("Lessor"), the Equipment listed above (and on any attached schedule) including all parts, repairs, additions and accessories (Equipment). YOU authorize US to adjust the Lease Payments by not more than three (3) % if the cost of the Equipment or items is more or less than the supplier's estimate. YOU agree that a facsimile copy of this Lease's signatures may be treated as an original and will be admissible as evidence of the Lease. Whenever any Payment is not made as of its due date, you agree to pay US, a late charge of 5% of each payment or \$10.00, whichever is greater, but only to the extent of late. YOU agree to pay US a fee not to exceed \$500.00 to reimburse OUR expenses for preparing financing statements, order costs and all ongoing administration costs during the Lease term. YOU AGREE THAT NO ONE IS AUTHORIZED TO WAIVE ANY LEASE TERM OR PROVISION

The Lessee starts on the day the Equipment is delivered to YOU ("Commencement Date") and the Lease Payments shall be due beginning on the Commencement Date or any later date WE designate and thereafter until all amounts are fully paid. All obligations are absolute, unconditional, and are not subject to cancellation, reduction, setoff or counterclaim. YOU agree to warrant when it is delivered and to sign the Certificate of Acceptance supplied by US.

less YOU have a \$1.00 purchase option, WE own the Equipment and YOU have the right to use the Equipment for the full Lease of YOU comply with the terms of the Lease. IF YOU have a \$1.00 purchase option and/or the Lease is deemed to be a security, YOU grant US a security interest in the Equipment and all proceeds and authorize US to file financing statements.

IDENT USE, MAINTENANCE AND WARRANTIES: We are leasing the Equipment to YOU "AS IS" AND MAKE NO
EXPRESS, OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR

WE transfer to YOU any manufacturer warranties. YOU must, at YOUR cost, keep the Equipment in good working condition. We warrants include third-party maintenance and/or service costs. YOU agree that (i) WE are not responsible to provide the maintenance (ii) YOU will make all maintenance and service related claims to the third party, and (iii) any maintenance or service claims will not affect LEASE Payment obligations. The Equipment cannot be moved from the location above without OUR prior written consent. WE do not warrant the Equipment against use under abnormal working conditions or for any abusive, corrosive or abnormal working conditions or any other hazardous substance (under any applicable federal, state or local law, rule or regulation).

MEANT YOU agree not to transfer, sell, sublease, assign, pledge or encumber either the EQUIPMENT or any rights under this Lease without the prior written consent of LVE. If LVE or any successor of LVE does, the new owner will have all the rights and benefits that LVE now has and the rights of the new owner will not be subject to any claims, defenses, or setoffs that YOU or any predecessor of YOU have against LVE or any predecessor of LVE.

LOSS AND INSURANCE. YOU shall bear all risk of Equipment loss or damages. If any such loss or damage occurs, YOU shall all of YOUR Lease obligations. YOU will (a) keep the Equipment insured against all risks of loss, or damage for an amount equal to the net cost, (b) let US be the insurance loss payee and (c) give US written proof of the insurance. If YOU do not provide such coverage, WE have the right, without obligation, to obtain such insurance and add an insurance fee (which may include a profit) to the amount due YOU. WE have no responsibility for any losses or injuries caused by or relating to the Equipment and YOU will reimburse US and against any such claims, which obligation will survive Lease termination. YOU will obtain and maintain comprehensive public auto naming US an additional insured with coverages and amounts acceptable to US. YOU grant to US an irrevocable power of attorney to pay and receive and endorse all checks and other documents received as payment for such insurance policies.

YOU agree to pay when due, either directly or as reimbursement to US, all taxes (including without limit sales, use and personnel taxes) and charges in connection with ownership and use of the Equipment, plus a fee to US for collecting and administering any such taxes, and to pay and remit them to the appropriate authorities and interest thereon at the highest legal rate allowed, from the date due to and until YOU pay in full. YOU will indemnify US on an after-the-fact basis, on demand, against the loss or unavailability of any lessor-endorsed equipment ownership tax benefits caused by YOUR acts or omissions. This indemnity will continue even after the termination of this Lease and after YOU have ceased to be the owner of the Equipment.

PAYMENT REQUIREMENTS: YOU are hereby obligated to pay each month ("YOU will") to WE or our assigned agent at least such amount as shall be determined by YOU according under this Lease, or any other agreement with US, or c) YOU or any partner or guarantor dies, becomes insolvent, sick or is sold. Upon any default, WE may do one or more of the following: i) declare the entire balance of the unpaid Leases due immediately upon demand; ii) sue YOU for and receive all LEASE Payments and any other payments than accumulated under this Lease or any other agreement plus the estimated fair market value of the Equipment at the end of the reduced Lease Term, and d) accelerated Lease Payments and the estimated fair market value will be discounted to the date of a lesser of (A) a per annum interest rate equivalent to that of U.S. Treasury constant maturity obligation (as reported by the U.S. government) that would have a repayment term equal to the remaining Lease term, at as reasonably determined by US, or (B) 9% but only to the extent permitted by law; iii) charge YOU interest on all monies due US at the rate of eighteen percent (18%) per year (rate of default until paid, but only to the extent permitted by law); iv) charge YOU a return check or non-sufficient funds charge (e.g.) of \$250.00 for a check that is returned; and v) require that YOU immediately return the Equipment to US or WE may repossess it. Such return or repossession of the Equipment will not constitute a termination of this Lease. If the Equipment is repossessed, WE may sell or re-lease the Equipment at any terms WE deems appropriate, at one or more public or private sales, on YOUR behalf, with or without notice to YOU, and apply the net proceeds, after deducting the related costs and expenses, to YOUR own account payable for any deficiency and with any excess being retained by YOU. YOU agree that if notice of sale is required given, 10 days notice will constitute reasonable notice. YOU are also required to pay (I) all expenses incurred by US in connection of any remedies, including all expenses of representing, suing, shipping, repairing and selling the Equipment, and (II) attorney's fees.

9. END OF LEASE, RETURN, PURCHASE OPTION AND RENEWAL. Upon at least 120, but not more than 180 days written notice to US prior to the expiration of the Lease term (or any renewal), YOU shall advise US of YOUR intention to either return or purchase the Equipment, whereupon YOU may: a) return the Equipment to any location designated by US, freight and insurance prepaid, in as good condition as when it was delivered to YOU, ordinary wear and tear resulting from proper use only excepted, and FIVE reasonably determinate that the Equipment is not in the condition required above; WE may repair the Equipment to achieve such condition, and YOU will reimburse US for all OUR reasonable expenses to do so, or b) provided YOU are not in default hereunder, purchase all but not less than all of the Equipment on the terms as indicated in the End of Lease Purchase Option checked above. Any FIVE purchase option amount will be expressed by US based on Equipments in place value, and as "AS IS", WITHOUT REPRESENTATION OR WARRANTY, WHETHER EXPRESS OR IMPLIED. If the Equipment is returned to US, YOU shall remove all confidential information from the Equipment prior to return. IF YOU fail to timely notify US, or if YOU do not do purchase or b) return the Equipment, in each case as provided herein, this Lease shall renew at the same Lease Payment for consecutive 120 day periods. If any Software license ("License") included hereunder passes title to YOU, such title shall automatically vest and remain in US. If such vesting requires a written conveyance, YOU hereby convey to US any title YOU have or hereafter acquire in the Software and relinquish any subsequent title in the Software. If license's consent is required because the License limits transfers of the Software, then YOU shall assist US in obtaining consent. WE may charge YOU a lease disposal fee of \$250.00 for the Equipment returned by YOU to US at the end of the Lease term. The return of the Equipment is subject to the terms and conditions of the attached Equipment Return Rider

13. MISCELLANEOUS: YOU agree that the Lease is a Finance Lease as defined in Article 2A of the Uniform Commercial Code ("UCC"). YOU acknowledge that WE have given YOU the Equipment supplier's name. WE hereby notify YOU that YOU may have rights under the supplier's contract and may contact the supplier for a description of these rights. YOU agree that WE are authorized, without notice to YOU, to supply missing information or correct obvious errors in the Lease. This Lease: ~~was made in Pennsylvania ("PA"); is deemed to be performed in PA and shall be governed and construed in accordance with the laws of PA.~~ YOU consent to the non-exclusive jurisdiction, personal or otherwise, in any state or federal court in PA, and waive trial by jury. YOU agree (i) to waive any and all rights and remedies granted to YOU under UCC Section 2A-508 through 2A-522, (ii) that the Equipment will only be used for business purposes and not for personal, family, or household use, and will not be moved from the above location without OUR consent, and (iii) that a facsimile copy of this Lease and each document executed in connection with this Lease may be treated as an original and will be admissible as legal evidence thereof. WE may inspect the Equipment during the Lease term. WE shall not be liable to YOU for indirect, special, or consequential damages. No failure to act shall be deemed a waiver of any rights hereunder.

LESSOR SIGNATURE	You agree to all the Terms and Conditions contained in this Lease, and in any attachments to same (all of which are included by reference) and become part of this Lease. <u>You agree this is a non-cancelable Lease</u>	
	Signature <u>Eric Choltco</u>	Date <u>2/22/2017</u>
	Title <u>Director</u>	
	Print Name <u>ERIC CHOITCO</u>	
ACCEPTANCE	Legal Name of Corporation <u>Keystone Charleston Kraft LLC</u>	
	The Equipment has been received, put in use, is in good working order and is satisfactory and acceptable. You agree that we may, at our discretion, confirm by telephone your acceptance of the equipment.	
	Signature <u>Eric Choltco</u>	Date <u>2/22/2017</u>
	Print Name <u>ERIC CHOITCO</u>	Title <u>Director</u>
LESSOR	De Lage Landen Financial Services, Inc. Lease Processing Center, 1111 Old Eagle School Road, Wayne, PA 19087 PHONE: (888) 355-5438 • FAX: (866) 287-1176	
	Commencement Date <u>2/28/17</u>	Agreement Number
	Accepted By <u>[Signature]</u>	
	Date <u>2/28/17</u>	

08MINDOC177

**EQUIPMENT RETURN RIDER** belonging to Application Number: 100-10134498

EQUIPMENT RETURN RIDER ("Rider"), effective as of this 08th day of February, 2017, is by and between Kapstone Charleston Kraft LLC and De Lage Landen Financial Services, Inc. and is a part of and amends that certain Equipment Lease Agreement ("Agreement"). Unless otherwise defined herein, capitalized terms shall have the definition set forth in the Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound and pursuant to the terms and conditions of the Agreement, the parties hereby agree as follows:

The following language applies to the Agreement:

For each unit of returned Equipment, the hydraulics and transmission must operate properly at full capacity as per manufacturer's specifications, engines must meet the then current smoke emissions standards, start without any outside assistance and be free of oil leaks, all oil and hydraulic fluid samples must be clean with no dirt or foreign substances present, frames, structural members, cabs, canopies, ROPS, enclosures, lights, and any accessories and attachments must be structurally sound without breaks or cracks, in good working condition, and in compliance with all federal, state, local and other regulatory requirements, all surfaces must be clean and free of any foreign substances; and if applicable, tires must be the same brand as when delivered and must have at least 50% remaining tread life. Batteries must be installed in electric units and will be in good, safe operating condition with no dead cells, cracked cases or broken connectors. Chargers when included must be returned and will maintain electrical output as specified by the manufacturer, with no case damage or broken connectors. Radiator and cooling system shall be free from leaks. Brakes will hold unit as specified by manufacturer with or without a rated load. Each unit of Equipment must be returned with all of the manuals, maintenance records, log books, inspection and overhaul records, operating requirements and other materials pertinent to the Equipment's operation, maintenance, assembly and disassembly. If we reasonably determine, by use of an independent appraiser or otherwise, that the Equipment, once it is returned, is not in the condition required above, we may repair, service, upgrade, modify or overhaul the Equipment to achieve such condition and, upon demand, you will reimburse us for all of our reasonable expenses to do so.

The parties expressly agree that this Rider is supplemental to the Agreement, which is by reference made a part hereof, and modifies the Agreement only to the extent set forth herein.

In the event of any conflict, inconsistency or incongruity between the provisions of this Rider and any of the provisions of the Agreement, the provisions of this Rider shall in all respects govern and control.

This Rider may be executed by one or more of the parties on any number of separate counterparts, each of which counterparts shall be an original, but all of which when together shall be deemed to constitute one and the same instrument.

The terms hereof may not be terminated, amended, supplemented or modified orally, but only by an instrument duly authorized by each of the parties hereto.

IN WITNESS WHEREOF, the parties have caused this Rider to be executed on the date set forth above.

SIGNATURE	Kapstone Charleston Kraft LLC	
	Signature <i>Eric Choltes</i>	Date <i>2/22/2017</i>
	Print Name <i>Eric Choltes</i>	
	Title <i>Director</i>	

SIGNATURE	De Lage Landen Financial Services, Inc.	
	Signature <i>[Signature]</i>	Date <i>2/24/17</i>
	Print Name <i>Jason Miller</i>	
	Title <i>FA</i>	

14MHDOC214

Balance Sheet as of 12/31/2017

(in thousands)

	KPPC	KKPC	KCK
Assets			
Current assets:			
Cash and cash equivalents	\$ 28,065	\$ -	\$ -
Trade accounts receivable (Includes \$425,216 at December 31, 2017 associated with the securitization facility)	443,462	3,372	8,044
Other receivables	23,289	7,683	4,255
Inventories	315,575	71,019	52,495
Prepaid expenses and other current assets	17,470	4,828	4,585
Total current assets	827,861	86,902	69,379
Plant, property and equipment, net	1,453,607	562,210	382,274
Other assets	24,431	-	-
Intangible assets, net	297,475	1,788	1,788
Goodwill	720,611	54,512	4,812
Total assets	\$ 3,323,985	\$ 705,412	\$ 458,253
Liabilities and Stockholders' Equity			
Current liabilities:			
Short-term borrowings	\$ -	\$ -	\$ -
Capital lease obligation	30	-	-
Dividend payable	10,302	-	-
Accounts payable	199,574	27,111	21,011
Accrued expenses	105,951	31,537	17,360
Accrued compensation costs	75,215	7,611	4,310
Accrued income taxes	31,458	-	-
Total current liabilities	422,530	66,260	42,681
Other liabilities:			
Long-term debt (Includes \$308,849 at December 31, 2017 associated with the securitization facility)	1,374,502	1,066,028	-
Long-term financing obligation	82,199	82,199	42,565
Capital lease obligation	4,595	-	-
Pension and postretirement benefits	14,196	14,196	-
Deferred income taxes	252,101	-	-
Other liabilities	36,848	11,257	1,274
Total other liabilities	1,764,441	1,173,680	43,839
Intercompany accounts with parent	-	255,624	(232,424)
Investment by parent	-	(1,541,366)	-
Stockholders' equity:			
Preferred stock \$0.0001 par value; 1,000,000 shares authorized; no shares issued and outstanding	-	-	-
Common stock – \$0.0001 par value; 175,000,000 shares authorized; 97,043,750 shares issued and outstanding (excluding 40,000 treasury shares) at December 31, 2017	10	-	-
Additional paid-in-capital	291,629	-	-
Retained earnings	894,061	800,456	604,157
Accumulated other comprehensive loss	(48,686)	(49,242)	-
Total stockholders' equity	1,137,014	(534,528)	371,733
Total liabilities and stockholders' equity	\$ 3,323,985	\$ 705,412	\$ 458,253

KapStone Paper and Packaging Corporation

Consolidated Income Statements

Income Statement

Year Ended December 31, 2017

(in thousands)

KPPC	
Net sales	\$ 3,315,660
Cost of sales, excluding depreciation and amortization	2,364,731
Depreciation and amortization	186,801
Freight and distribution expenses	299,872
Selling, general, and administrative expenses	265,131
Multiemployer pension plan withdrawal expense	
Operating income	199,125
Foreign exchange (gain) / loss	(993)
Equity method investments income	(1,752)
Loss on debt extinguishment	1,305
Interest expense, net	52,282
Management fees to parent company	-
Loss on sale of receivables to KRC	-
Income before provision (benefit) for income taxes	148,283
Provision (benefit) for income taxes	(95,220)
Net income	\$ 243,503
Weighted average number of shares outstanding	
Basic	96,859,516
Diluted	98,615,101
Net income per share:	
Basic	\$ 2.51
Diluted	\$ 2.47
Dividends declared per common share	\$ 0.40

Balance Sheet as of 12/31/2018

(in thousands)

	KPPC	KKPC	KCK
Assets			
Current assets:			
Cash and cash equivalents	\$ 5,124	\$ -	\$ -
Trade accounts receivable (Includes \$443,850 at December 31, 2018 associated with the securitization facility)	447,722	(2,574)	(1,030)
Other receivables	-	-	-
Inventories	330,914	79,756	51,788
Prepaid expenses and other current assets	42,632	11,063	6,830
Total current assets	826,392	88,246	57,588
Plant, property and equipment, net	1,905,963	861,025	454,041
Other assets	23,729	9,297	7,828
Intangible assets, net	1,315,880	-	-
Goodwill	1,754,979	-	-
Total assets	\$ 5,826,943	\$ 958,568	\$ 519,457
Liabilities and Stockholders' Equity			
Current liabilities:			
Short-term borrowings	\$ 8,942	\$ -	\$ -
Capital lease obligation	141	-	-
Dividend payable	-	-	-
Accounts payable	204,571	46,801	33,087
Accrued expenses	43,587	16,772	10,270
Accrued compensation costs	64,645	8,638	3,490
Accrued income taxes	(1,206)	-	-
Total current liabilities	320,680	72,212	46,847
Other liabilities:			
Long-term debt (Includes \$0 at December 31, 2018 associated with the securitization facility)	-	-	-
Long-term financing obligation	-	-	-
Capital lease obligation	9,499	-	-
Pension and postretirement benefits	5,270	5,275	-
Deferred income taxes	609,705	(981)	-
Other liabilities	115,466	98,455	44,157
Total other liabilities	739,940	102,749	44,157
Intercompany accounts with parent	1,028,194	(1,369,321)	(340,688)
Investment by parent	3,755,447	2,140,400	762,413
Stockholders' equity:			
Preferred stock	-	-	-
Common stock	-	-	-
Additional paid-in-capital	-	-	-
Retained earnings	(17,408)	12,528	6,727
Accumulated other comprehensive loss	90	-	-
Total stockholders' equity	4,766,323	783,607	428,452
Total liabilities and stockholders' equity	\$ 5,826,943	\$ 958,568	\$ 519,457

Note to the financial statements:

The 2018 balances contain purchase accounting from the WestRock acquisition of KapStone

KapStone Paper and Packaging Corporation

Consolidated Income Statements

Income Statement

Year Ended December 31, 2018

(in thousands)

	KPPC
Net sales	\$ 3,556,210
Cost of sales, excluding depreciation and amortization	2,801,656
Depreciation and amortization	194,891
Freight and distribution expenses	
Selling, general, and administrative expenses	317,287
Multiemployer pension plan withdrawal expense	
Operating income	242,376
Foreign exchange (gain) / loss	1,066
Equity method investments income	(1,894)
Loss on debt extinguishment	
Interest expense, net	80,409
Management fees to parent company	
Pension income/expense	(10,265)
Non-Operating Other Income/Expense	(8,134)
Loss on sale of receivables to KRC	
Income before provision (benefit) for income taxes	181,193
Provision (benefit) for income taxes	48,437
Net income	\$ 132,756

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SC Court of Appeals

CERTIFICATE OF COUNSEL

The undersigned hereby certifies that this Record on Appeal contains all material proposed to be included by any of the parties and not any other material.

CALLISON TIGHE & ROBINSON, LLC

s/ D. Reece Williams, III

D. Reece Williams, III (SC Bar No. 6120)

Richard C. Detwiler (SC Bar No. 6473)

Ian T. Duggan (SC Bar No. 80074)

1812 Lincoln Street, Suite 200 (29201)

P.O. Box 1390

Columbia, SC 29202-1390

Tel: (803) 404-6900

Fax: (803) 404-6902

Email: ReeceWilliams@CallisonTighe.com

RickDetwiler@CallisonTighe.com

IanDuggan@CallisonTighe.com

And

Russell Post (*Pro Hac Vice* pending)

Daniel N. Nightingale (*Pro Hac Vice* pending)

Beck Redden, LLP

1221 McKinney Street, Suite 4500

Houston, Texas 77010-2010

Tel: (713) 951-6292

Fax: (713) 951-3720

Email: rpost@beckredden.com

dhammond@beckredden.com

Attorneys for the Appellants

February 24, 2021