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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2018

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

For the transition period from to

Commission File Number: 001-33494

KapStone Paper and Packaging Corporation
(Exact Name of Registrant as Specified in its Charter)

Delaware	**20-2699372**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

KapStone Paper and Packaging Corporation
1101 Skokie Blvd., Suite 300
Northbrook, IL 60062
(Address of Principal Executive Offices including zip code)

Registrant's Telephone Number, including area code **(847) 239-8800**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐
Emerging growth company filer ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Yes ☐ No ☒

There were 97,780,723 shares of the Registrant's Common Stock, $0.0001 par value, outstanding at April 12, 2018.

KAPSTONE PAPER AND PACKAGING CORPORATION
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PART 1. FINANCIAL INFORMATION
ITEM 1. - FINANCIAL STATEMENTS
KAPSTONE PAPER AND PACKAGING CORPORATION
Consolidated Balance Sheets
(In thousands, except share and per share amounts)

	March 31, 2018 (unaudited)	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	$ 18,684	$ 28,065
Trade accounts receivable (Includes $419,357 at March 31, 2018, and $425,216 at December 31, 2017, associated with the receivables credit facility)	437,889	443,462
Other receivables	21,179	23,289
Inventories	333,731	315,575
Prepaid expenses and other current assets	21,125	17,470
Total current assets	832,608	827,861
Plant, property and equipment, net	1,467,093	1,453,607
Other assets	25,546	24,431
Intangible assets, net	289,731	297,475
Goodwill	720,611	720,611
Total assets	$ 3,335,589	$ 3,323,985
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term borrowings	$ 20,000	$ —
Other current borrowings	6,767	—
Short-term financing obligations	1,072	—
Capital lease obligation	31	30
Dividend payable	10,145	10,302
Accounts payable	220,543	199,574
Accrued expenses	81,525	105,951
Accrued compensation costs	43,999	75,215
Accrued income taxes	17,726	31,458
Total current liabilities	401,808	422,530
Other liabilities:		
Long-term debt (Includes $304,409 at March 31, 2018, and $308,849 at December 31, 2017, associated with the receivables credit facility)	1,371,238	1,374,502
Long-term financing obligations	92,340	82,199
Capital lease obligation	4,587	4,595
Pension and postretirement benefits	11,320	14,196
Deferred income taxes	253,926	252,101
Other liabilities	31,535	36,848
Total other liabilities	1,764,946	1,764,441
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; 97,672,143 shares issued and outstanding (excluding 40,000 treasury shares) at March 31, 2018 and 97,043,750 shares issued and outstanding (excluding 40,000 treasury shares) at December 31, 2017	10	10
Additional paid-in-capital	299,737	291,629
Retained earnings	917,047	894,061
Accumulated other comprehensive loss	(47,959)	(48,686)
Total stockholders' equity	1,168,835	1,137,014
Total liabilities and stockholders' equity	$ 3,335,589	$ 3,323,985

See notes to consolidated financial statements.

KAPSTONE PAPER AND PACKAGING CORPORATION
Consolidated Statements of Comprehensive Income
(In thousands, except share and per share amounts)
(unaudited)

	Three Months Ended March 31,	
	2018	2017
Net sales	$ 799,195	$ 765,843
Cost of sales, excluding depreciation and amortization	554,821	562,461
Depreciation and amortization	46,365	45,348
Freight and distribution expenses	76,586	72,988
Selling, general, and administrative expenses	63,611	66,485
Merger expenses	13,532	—
Gain on sale of property	(7,453)	—
Operating income	51,733	18,561
Foreign exchange gain	(37)	(82)
Pension income	(3,092)	(1,563)
Equity method investments income	(520)	(677)
Interest expense, net	14,345	10,730
Income before provision for income taxes	41,037	10,153
Provision for income taxes	8,296	4,161
Net income	$ 32,741	$ 5,992
Other comprehensive income		
Foreign currency translation adjustment	481	359
Pension and postretirement plan reclassification adjustments, net of tax:		
Accretion of prior service costs	(48)	(117)
Amortization of net loss	294	636
Other comprehensive income, net of tax	727	878
Total comprehensive income	$ 33,468	$ 6,870
Weighted average number of shares outstanding:		
Basic	97,331,105	96,698,637
Diluted	99,716,527	98,463,667
Net income per share:		
Basic	$ 0.34	$ 0.06
Diluted	$ 0.33	$ 0.06
Dividends declared per common share	$ 0.10	$ 0.10

See notes to consolidated financial statements.

KAPSTONE PAPER AND PACKAGING CORPORATION
Consolidated Statements of Cash Flows
(In thousands)
(unaudited)

	Three Months Ended March 31,	
	2018	**2017**
Operating activities		
Net income	$ 32,741	$ 5,992
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of plant and equipment	38,621	37,758
Amortization of intangible assets	7,744	7,590
Stock-based compensation expense	3,007	5,265
Pension and postretirement	(2,552)	(572)
Amortization of debt issuance costs	1,176	1,179
Loss on disposal of assets	428	526
Deferred income taxes	1,747	1,521
Change in fair value of contingent consideration liability	—	2,516
Equity method investments income, net of cash received	(520)	(167)
Plant closure costs	793	—
Provision for bad debt expense	447	—
Gain on sale of property	(7,453)	—
Changes in assets and liabilities:		
Trade accounts receivable, net	5,126	(21,145)
Other receivables	2,230	(659)
Inventories	(18,156)	(17,870)
Prepaid expenses and other current assets	(10,903)	(12,549)
Other assets	(715)	(208)
Accounts payable	9,048	41,413
Accrued expenses and other liabilities	(12,847)	964
Accrued compensation costs	(31,107)	(3,139)
Accrued income taxes	(13,732)	(15,746)
Net cash provided by operating activities	5,123	32,669
Investing activities		
Capital expenditures	(37,025)	(38,669)
Acquisition, net of cash acquired	—	(33,500)
Proceeds from the sale of property	14,681	—
Net cash used in investing activities	(22,344)	(72,169)
Financing activities		
Proceeds from revolving credit facility	110,500	122,988
Repayments on revolving credit facility	(90,500)	(97,000)
Proceeds from receivables credit facility	23,274	17,031
Repayments on receivables credit facility	(27,714)	(21,621)
Proceeds from other current borrowings	6,767	6,214
Repayments on long-term financing obligations	(256)	—
Repayments on capital lease	(9)	—
Cash dividends paid	(9,723)	(9,664)
Payment of withholding taxes on vested stock awards	(1,783)	(856)
Proceeds from exercises of stock options	6,390	451
Proceeds from shares issued to ESPP	494	487
Payment of Victory contingent consideration	(9,600)	—
Net cash provided by financing activities	7,840	18,030
Net decrease in cash and cash equivalents	(9,381)	(21,470)
Cash and cash equivalents-beginning of period	28,065	29,385
Cash and cash equivalents-end of period	$ 18,684	$ 7,915

See notes to consolidated financial statements.

KAPSTONE PAPER AND PACKAGING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share and per share amounts)
(unaudited)

1. Financial Statements

The accompanying unaudited consolidated financial statements of KapStone Paper and Packaging Corporation (the "Company," "we," "us," "our" or "KapStone") have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information, the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of a normal recurring nature) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018. For further information, refer to the consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2017.

We report our operating results in two reportable segments: Paper and Packaging and Distribution. Our Paper and Packaging segment manufactures and sells a wide variety of containerboard, corrugated products and specialty paper for industrial and consumer markets. The Distribution segment, through Victory Packaging, L.P. ("Victory"), a North American distributor of packaging materials, with more than 60 distribution centers located in the United States, Mexico and Canada, provides packaging materials and related products to a wide variety of customers. For more information about our segments, see Note 14, Segment Information.

In these consolidated financial statements, certain amounts in prior periods have been reclassified to conform to the current period presentation. The Company adopted Accounting Standards Update ("ASU") No. 2017-07 during the interim period ended March 31, 2018. As a result, the presentation of $1.6 million of certain components of net periodic benefit cost in the Consolidated Statements of Comprehensive Income have been reclassified from cost of sales, excluding depreciation and amortization, to pension income for the quarter ended March 31, 2017. This reclassification did not affect the Company's net income, financial position, or cash flows.

2. Recently Adopted and New Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standard's Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers". The guidance in this update affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (for example, insurance contracts or lease contracts). The guidance in this update supersedes the revenue recognition requirements in Accounting Standards Codification ("ASC") Topic 605, "Revenue Recognition", and most industry-specific guidance throughout the Industry Topics of the Codification. Additionally, this update supersedes some cost guidance included in Subtopic 605-35, "Revenue Recognition—Construction-Type and Production-Type Contracts".

Effective January 1, 2018, the Company adopted the requirements of Topic 606, "Revenue from Contracts with Customers," using the modified retrospective method, which requires the recognition of the cumulative effect of initially applying the standard (if any) as an adjustment to opening retained earnings for the fiscal year beginning January 1, 2018. The adoption of Topic 606 did not result in the recognition of a cumulative adjustment to opening retained earnings under the modified retrospective approach, nor did it have a material effect on the Company's financial position or results of operations. The adoption of this topic did result in the addition of required disclosures within the notes to the financial statements, as disclosed in Note 3, Revenue.

Our implementation team consisted of senior leadership from finance, legal, sales and operations with periodic progress reporting to management and to the audit committee of our board of directors. Implementation consisted of a review of the Company's significant contracts and an evaluation of our systems

and control environment to support additional disclosures under the new standard, as well as updates to policies and procedures.

During our assessment, the Company considered whether the adoption would require a transition from point-in-time revenue recognition to an over-time approach for products produced by the Company without an alternative use, which would result in acceleration of revenue. The Company concluded that based on its enforceable rights included in its contracts or prevailing terms and conditions, an enforceable right of payment that includes a reasonable profit throughout the duration of the contract does not exist. Therefore, the Company will remain at a point-in-time approach and record revenue at the point control transfers to the customer.

In August 2016, the FASB issued ASU 2016-15, “Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments”, which clarifies the treatment of several cash flow categories. In addition, ASU 2016-15 clarifies that when cash receipts and cash payments have aspects of more than one class of cash flows and cannot be separated, classification will depend on the predominant source or use. Effective January 1, 2018, the Company adopted ASU 2016-15. During the quarter, the Company paid $20.7 million of contingent consideration to the former owners of Victory based on achieving certain financial performance criteria for the thirty month period following the closing. Accordingly, the portion of the cash payment up to the acquisition date fair value of the contingent consideration liability of $9.6 million was classified as a financing outflow, while the amounts paid in excess of the acquisition date fair value of $11.1 million was classified as an operating activity in the Company’s Consolidated Statements of Cash Flows.

In March, 2017, the FASB issued ASU No. 2017-07, “Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.” This ASU applies to all employers that offer to their employees defined benefit pension plans, other postretirement benefit plans, or other types of benefits accounted for under Topic 715, Compensation—Retirement Benefits. The ASU requires that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. If a separate line item or items are used to present the other components of net benefit cost, that line item or items must be appropriately described. If a separate line item or items are not used, the line item or items used in the income statement to present the other components of net benefit cost must be disclosed. The ASU also allows only the service cost component to be eligible for capitalization when applicable (e.g., as a cost of internally manufactured inventory or a self-constructed asset). Effective January 1, 2018, the Company adopted ASU 2017-07. The adoption of this ASU retrospectively, utilizing the allowable practical expedient by using the amounts disclosed in the pension and other postretirement benefit plan note for the prior comparative periods as the estimation basis for applying the retrospective presentation requirements, which resulted in a $1.6 million reclassification between cost of sales, excluding depreciation and amortization, and pension income in the Company’s Consolidated Statements of Comprehensive Income for the period ended March 31, 2017.

New Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, “Leases”. This guidance revises existing practice related to accounting for leases under ASC Topic 840 Leases for both lessees and lessors. The new guidance in ASU 2016-02 requires lessees to recognize a right-of-use asset and a lease liability for virtually all of their leases (other than leases that meet the definition of a short-term lease). The lease liability will be equal to the present value of lease payments and the right-of-use asset will be based on the lease liability, subject to adjustment such as for initial direct costs. For income statement purposes, the new standard retains a dual model similar to ASC 840, requiring leases to be classified as either operating or finance. For lessees, operating leases will result in straight-line expense (similar to current accounting by lessees for operating leases under ASC 840), while finance leases will result in a front-loaded expense pattern (similar to current accounting by lessees for capital leases under ASC 840).

While the new standard maintains similar accounting for lessors as under ASC 840, it reflects updates to, among other things, align with certain changes to the lessee model. The guidance is effective for public entities for fiscal years beginning after December 15, 2018, including interim periods within those years. Early adoption is permitted for all entities.

The Company does have a significant number of leases for both property and equipment. As such, the Company expects that there will be a material impact on our financial position and disclosures upon the adoption of ASU 2016-02. Our implementation team, consisting of senior leadership from finance, legal, IT and operations, reports its progress to management and to the audit committee of our board of directors on a periodic basis. We are in the process of abstracting data from existing leases and are assessing the need for new

or updated systems to support additional disclosures under the new standard. The Company will provide additional disclosure as the implementation progresses.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments. This standard replaces the incurred loss methodology previously employed to measure credit losses for most financial assets and requires the use of a forward-looking expected loss model. Current accounting delays the recognition of credit losses until it is probable a loss has been incurred, while the update will require financial assets to be measured at amortized costs less a reserve and equal to the net amount expected to be collected. This standard will be effective for annual periods beginning after December 15, 2019, including interim periods within that reporting period, and early application is permitted. The Company is currently evaluating the new guidance to determine the impact it will have on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, "Simplifying the Test for Goodwill Impairment", which amends the guidance in ASC Topic 350, "Intangibles-Goodwill and Other". The ASU eliminates the requirement to calculate the implied fair value of goodwill to measure a goodwill impairment charge. Instead, entities will record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value. The ASU is effective for annual and interim impairment tests performed in periods beginning after December 15, 2019. Early adoption is permitted for annual and interim goodwill impairment testing dates after January 1, 2017. The ASU will be applied prospectively. The Company currently does not expect that the adoption of these provisions will have a material effect on our consolidated financial statements and related disclosures, but will simplify the measurement of any impairment loss should goodwill be impaired in the future.

In February 2018, the FASB issued ASU No. 2018-02, Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income (ASU 2018-02). Under existing U.S. GAAP, the effects of changes in tax rates and laws on deferred tax balances are recorded as a component of income tax expense in the period in which the law was enacted. When deferred tax balances related to items originally recorded in accumulated other comprehensive income are adjusted, certain tax effects become stranded in accumulated other comprehensive income. The amendments in ASU 2018-02 allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the 2017 Tax Cuts and Jobs Act. The amendments in this ASU also require certain disclosures about stranded tax effects. The guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption in any period is permitted. The Company's provisional adjustments recorded in 2017 to account for the impact of the 2017 Tax Cuts and Jobs Act resulted in stranded tax effects. The Company is currently evaluating the timing and impact of adopting ASU 2018-02.

3. Revenue

Adoption of ASC Topic 606, "Revenue from Contracts with Customers"

On January 1, 2018, the Company adopted Topic 606 using the modified retrospective method applied to those contracts which were not completed as of January 1, 2018. The adoption of Topic 606 did not have a material effect on the Company's financial position or results of operations.

Revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services.

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The table below disaggregates our external revenue by major source (in thousands). For additional revenue detail relating to key Paper and packaging product lines, see segment disclosure note.

	Three Months Ended March 31,	
	2018	2017
Paper and packaging	$ 546,689	$ 525,690
Distribution	231,210	218,199
Other	21,296	21,954
Net sales	$ 799,195	$ 765,843

Paper and Packaging Revenue

Paper and Packaging includes containerboard, corrugated products and specialty paper products manufactured at our facilities located in the United States. Sales to customers are initiated through a purchase order and are governed by our standard terms and conditions, written agreements or both. Revenue is recognized when performance obligations under the terms of a contract with a customer are satisfied; generally, this occurs with the transfer of control of our products. Transfer of control occurs at a specific point-in-time. Based on the enforceable rights included in our contracts or prevailing terms and conditions, products produced by the Company without an alternative use are not protected by an enforceable right of payment that includes a reasonable profit throughout the duration of the contract. Sales with terms f.o.b. (free on board) shipping point are recognized at the time of shipment. For sales transactions with terms f.o.b. destination, revenue is recorded when the product is delivered to the customer's site. Consignment sales are recognized in revenue at the earlier of the period that the goods are consumed or after a period of time subsequent to receipt by the customer as specified by contract terms, provided control of the promised goods or services has transferred.

Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. Sales, value add, and other taxes we collect concurrent with revenue-producing activities are excluded from revenue. Incidental items that are immaterial in the context of the contract are recognized as expense. Certain customers may receive cash-based incentives (rebates or credits), which are accounted for as variable consideration. We estimate these amounts based on the expected amount to be provided to customers and reduce revenues recognized. For the three months ended March 31, 2018 and 2017, paper and packaging customer incentives totaled $4.4 million and $8.3 million, respectively. As of March 31, 2018 and 2017, a reserve for estimated unpaid rebates of $4.6 million and $8.0 million, respectively, is included in accrued expenses on the Company's Consolidated Balance Sheets. If we determined our obligations under a warranty claim is probable and subject to reasonable determination, an estimation of our liability is recorded as an offset against revenue at that time. As of March 31, 2018 and 2017 reserves for warranty claims were not material. The adoption of Topic 606 did not have a significant impact on our estimates for variable consideration.

Freight charged to customers is recognized in net sales.

Distribution Revenue

Our distribution operations distribute corrugated packaging materials and other specialty packaging products to customers in the United States, Canada and Mexico. Sales to customers are initiated through a purchase order and are governed by standard terms and conditions, written agreements or both.

Revenue is recognized when performance obligations under the terms of a contract with a customer are satisfied; generally, this occurs with the transfer of control of our products at a specific point-in-time. While the distribution business makes wide use of stocking arrangements with customers to ensure consistent on-time delivery, based on the enforceable rights included in our contracts or prevailing terms and conditions, products without an alternative use are not protected by an enforceable right of payment that includes a reasonable profit throughout the duration of the contract. As such, revenue is recorded when the product is delivered to the customer's site. If goods are not purchased by a customer after a period of time specified by the contract terms, customers may be billed and goods are shipped. Certain customers may request that Victory hold the goods

after billing for an additional period specified in the contract terms. In such circumstances, the Company recognizes revenue as control of the goods transfers to the customer. Consignment sales are recognized in revenue at the earlier of the period that the goods are consumed or after a period of time subsequent to receipt by the customer as specified by contract terms, provided control of the promised goods or services has transferred.

Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. Sales, value add, and other taxes we collect concurrent with revenue-producing activities are excluded from revenue. Incidental items that are immaterial in the context of the contract are recognized as expense. Certain customers may receive cash-based incentives (rebates or credits), which are accounted for as variable consideration. We estimate these amounts based on the expected amount to be provided to customers and reduce revenues recognized. For each of the three months ended March 31, 2018 and 2017, distribution customer incentives totaled $2.4 million. As of March 31, 2018 and 2017, a reserve for estimated unpaid rebates of $2.8 million and $2.0 million, respectively, is included in accrued expenses on the Company's Consolidated Balance Sheets.

Upfront consideration paid to a customer associated with the execution of a master agreement ("prebate") is capitalized and amortized as a reduction in transaction prices over the expected sales impacted by the agreement. For the three months ended March 31, 2018 and 2017, unamortized prebates totaled $1.9 million and $0.8 million, respectively. If we determined our obligations under a warranty claim is probable and subject to reasonable determination, an estimation of our liability is recorded as an offset against revenue at that time. As of March 31, 2018 and 2017 reserves for warranty claims were not material. The adoption of Topic 606 did not have a significant impact on our estimates for variable consideration.

Freight charged to customers is recognized in net sales.

Other Revenue

Lumber — The Company generates revenue from the sale of lumber produced at its Summerville, South Carolina lumber mill. Revenue is recognized when obligations under the terms of a contract with our customer are satisfied; generally, this occurs with the transfer of control of our commodity products upon delivery to the customer. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. Sales, value add, and other taxes we collect concurrent with revenue-producing activities are excluded from revenue. Incidental items that are immaterial in the context of the contract are recognized as expense.

Power — The Company generates revenue from power generation at its North Charleston and Longview Mills. Power revenue at the North Charleston mill is recognized from the sale of shaft horsepower generated by a cogeneration facility. The supply of shaft horsepower is recognized as revenue over-time as energy is produced and delivered (output measure). Power revenue at the Longview mill is recognized from the sale of electricity and is recognized over time as electricity is generated and is delivered to the customer.

Practical Expedients and Exemptions

We generally expense sales commissions when incurred because the amortization period is one year or less. These costs are recorded within selling, general and administrative expense.

We do not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which we recognize revenue at the amount to which we have the right to invoice for services performed.

4. Merger

On January 28, 2018, KapStone, WestRock Company ("WestRock"), Whiskey Holdco, Inc., a wholly-owned subsidiary of WestRock ("Holdco"), Kola Merger Sub, Inc., a wholly-owned subsidiary of Holdco ("KapStone Merger Sub"), and Whiskey Merger Sub, Inc., a wholly-owned subsidiary of Holdco ("WestRock Merger Sub"), entered into an Agreement and Plan of Merger (the "Merger Agreement"). Pursuant to the Merger Agreement, and subject to the terms and conditions thereof, WestRock will acquire all of the outstanding shares of KapStone through a transaction in which: (i) WestRock Merger Sub will merge with and into WestRock, with WestRock surviving such merger (the "WestRock Merger") as a wholly-owned subsidiary

of Holdco and (ii) KapStone Merger Sub will merge with and into KapStone, with KapStone surviving such merger as a wholly-owned subsidiary of Holdco (the “Merger”).

Subject to the terms and conditions set forth in the Merger Agreement, at the effective time of the WestRock Merger and the Merger (the “Effective Time”): (i) each share of common stock, par value $0.0001 per share, of KapStone (the “KapStone Common Stock”) issued and outstanding immediately prior to the Effective Time (excluding any shares of KapStone Common Stock that are held (a) in treasury or (b) by any KapStone stockholder who is entitled to exercise, and properly exercises, appraisal rights with respect to such shares of KapStone Common Stock) will be converted into the right to receive, at the election of the stockholder (subject to proration as described below): (a) $35.00 in cash, without interest (the “Cash Consideration”), or (b) 0.4981 shares of common stock (the “Holdco Common Stock”), par value $0.01 per share, of Holdco (the “Stock Consideration” and, together with the Cash Consideration, the “Merger Consideration”); and (ii) each share of common stock, par value $0.01 per share, of WestRock issued and outstanding immediately prior to the Effective Time will be converted into one share of Holdco Common Stock.

KapStone stockholders will be permitted to make an election to receive the Stock Consideration by submitting an election form no later than 5:00 p.m., Eastern time, on the business day immediately prior to the stockholder meeting of KapStone that will be held to adopt the Merger Agreement (the “KapStone Stockholders Meeting”). Any KapStone stockholder not making an election to receive the Stock Consideration will receive the Cash Consideration. Elections by KapStone stockholders for the Stock Consideration will be subject to proration procedures set forth in the Merger Agreement that will limit the total amount of the Stock Consideration to be issued to KapStone stockholders such that the Stock Consideration will be received in respect of no more than 25 percent of the shares of KapStone Common Stock issued and outstanding immediately prior to the Effective Time.

The completion of the Merger is subject to customary conditions, including, without limitation: the adoption of the Merger Agreement by KapStone stockholders at the KapStone Stockholders Meeting; the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; the receipt of other required antitrust approvals; and the effectiveness of a registration statement on Form S-4 in connection with the potential issuance of shares of Holdco Common Stock in the Merger. The Merger is expected to close by the end of the quarter ending September 30, 2018 or during the following quarter.

To assist the Company in its sale process, the Company retained two financial advisors to advise the board of directors and management and to render customary “fairness opinions” to the Company and the board of directors regarding the Merger Consideration to be paid upon consummation of the Merger. As of March 31, 2018, the financial advisors had been paid $10.2 million in the aggregate for their services. Upon consummation of the Merger, the Company is obligated to pay the two firms an additional $34.1 million in the aggregate. For the quarter ended March 31, 2018, the Company incurred $13.5 million of Merger-related expenses in total.

In connection with the Merger, KapStone has entered into retention agreements or change in control severance agreements (“Severance Agreements”) with certain employees, and intends to enter into success bonus agreements with certain employees. Payment under any such agreement is or will be contingent upon the consummation of the Merger. KapStone has entered into Severance Agreements with each of our non-director executive officers, each providing for severance payments in an amount equal to a fixed amount not to exceed two times the sum of such executive officer’s annual base salary and target bonus. The success bonus agreements have not been made final and remain subject to KapStone’s discretion (subject to a $3.0 million limitation on aggregate success bonus payments for all KapStone employees pursuant to the Merger Agreement).

5. Plant Closure

On August 1, 2017, the Company approved and announced the closing of its Paper and Packaging segment box plant located in Oakland, California. All operating activities ceased at this location in October 2017. For the quarter ended March 31, 2018, the Company recorded an additional charge of $0.9 million for impaired property, plant and equipment, $0.6 million of other costs and $0.3 million for the dismantling of equipment, related to this plant closing.

On February 1, 2018, the Company sold the land and building in Oakland, California for $14.7 million after fees, taxes and commissions and recorded a gain of $7.5 million.

6. Planned Maintenance Outages

Planned maintenance outage costs for the three months ended March 31, 2018 and 2017 totaled $14.7 million and $6.2 million, respectively, and are included in cost of sales. The increase is due to a boiler upgrade at the North Charleston, South Carolina paper mill which resulted in lost paper production of approximately 26,000 tons.

7. Inventories

Inventories consist of the following at March 31, 2018 and December 31, 2017, respectively:

	(unaudited) March 31, 2018	December 31, 2017
Raw materials	$ 92,636	$ 75,616
Work in process	4,152	4,144
Finished goods	146,377	145,652
Replacement parts and supplies	93,721	93,043
Inventory at FIFO costs	336,886	318,455
LIFO inventory reserves	(3,155)	(2,880)
Inventories	$ 333,731	$ 315,575

8. Short-term Borrowings and Long-term Debt

Short-term Borrowings

As of March 31, 2018, the Company had $20.0 million of short-term borrowings outstanding under its $500 million revolving credit facility (the “Revolver”), with a weighted average interest rate of 3.4 percent. Available borrowing capacity under the Revolver was $465.9 million at March 31, 2018.

Other Borrowing

In January 2018, the Company entered into a short-term financing agreement of $6.8 million at an annual interest rate of 2.9 percent for its annual property insurance premiums. The agreement requires the Company to make three payments through the term of the financing agreement ending on December 31, 2018. As of March 31, 2018, there was $6.8 million outstanding under the current agreement.

Receivables Credit Facility

Under our trade accounts receivables securitization program (the “Securitization Program”), the Company and its subsidiaries that participate in the Securitization Program (the “Originators”) sell, on an ongoing basis without recourse, certain trade receivables to KapStone Receivables, LLC (“KAR”), which is considered a wholly-owned, bankruptcy-remote variable interest entity (“VIE”). The Company has the authority to direct the activities of the VIE and, as a result, we have concluded that we maintain control of the VIE, are the primary beneficiary (as defined by accounting guidance) and, therefore, consolidate the account balances of KAR. As of March 31, 2018, $419.4 million of our trade accounts receivables were sold to KAR. KAR in turn assigns a collateral interest in these receivables to a group of financial institutions under a one-year $325 million facility (the “Receivables Credit Facility”) for proceeds of $304.4 million. The assets of KAR are not available to the Company until all obligations of KAR are satisfied in the event of bankruptcy or insolvency proceedings.

The Company included the Receivables Credit Facility in Long-term debt on the Consolidated Balance Sheets based on management’s intent to continue to refinance outstanding amounts under the Securitization Program until the maturity of the Term loan A-l which is June 1, 2020. Term loan A-1 and Term loan A-2 (with $657.6 million and $421.2 million outstanding as of March 31, 2018, respectively), together with the Revolver, comprise our credit facility (the “Credit Facility”) under our Second Amended and Restated Credit Agreement, as amended (the “Credit Agreement”). The Company also has the ability to refinance the short-term obligations under the Receivables Credit Facility on a long-term basis using its Revolver. There are no additional requirements as to when borrowings under the Revolver would need to be repaid other than the maturity date of June 1, 2020.

Debt Covenants

Our Credit Agreement governing our Credit Facility contains, among other provisions, covenants with which we must comply. The covenants limit our ability to, among other things, incur indebtedness, create additional liens on our assets, make investments, engage in mergers and acquisitions and sell any assets outside the normal course of business.

As of March 31, 2018, the Company was in compliance with all applicable covenants in the Credit Agreement.

Fair Value of Debt

As of March 31, 2018, the fair value of the Company's debt approximates the carrying value of $1.4 billion as the variable interest rates re-price frequently at current market rates. Our weighted-average cost of borrowings was 3.4 percent and 2.6 percent for the three months ended March 31, 2018 and 2017, respectively.

9. Income Taxes

Provision for income taxes for the quarters ended March 31, 2018 and 2017 was $8.3 million and $4.2 million, respectively, reflecting higher pre-tax earnings in 2018 of $30.9 million, partially offset by a lower effective income tax rate.

The Company's effective income tax rate for the three months ended March 31, 2018 was 20.2 percent compared to 41.0 percent for the three months ended March 31, 2017. The lower effective income tax rate in the three months ended March 31, 2018 reflects the 21 percent federal statutory tax rate beginning in 2018 from the Tax Cuts and Jobs Act and a $1.5 million tax benefit from excess tax deductions related to stock compensation.

Cash taxes paid in the quarters ended March 31, 2018 and 2017 were $20.1 million and $21.0, respectively, net of tax refunds.

In the normal course of business, the Company is subject to examination by taxing authorities. The Company's open federal tax years are 2014, 2015 and 2016. The Company has open tax years for state and foreign income tax filings generally starting in 2013.

The Tax Cuts and Jobs Act enacted on December 22, 2017 resulted in substantial changes including reducing the US federal corporate income tax rate from 35 percent to 21 percent and requiring companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred. The Act creates new taxes starting in 2018 on certain foreign sourced earnings. The Company applied the guidance in SAB 118 and at December 31, 2017 recorded provisional estimates to re-measure our deferred taxes using the new 21 percent rate ($144.7 million tax benefit) and to record an estimated transition tax ($0.3 million expense).

During the three months ended March 31, 2018, we have not recorded any measurement period adjustments to the provisional estimates recorded at December 31, 2017. Final accounting for these impacts is expected in the third quarter of 2018 subsequent to the Company's completion of the 2017 tax return.

10. Net Income per Share

The Company's basic and diluted net income per share for the three months ended March 31, 2018 and 2017 is calculated as follows:

	Three Months Ended March 31,	
	2018	2017
Net income	$ 32,741	$ 5,992
Weighted-average number of common shares for basic net income per share	97,331,105	96,698,637
Incremental effect of dilutive common stock equivalents:		
Unexercised stock options	1,809,819	1,319,602
Unvested restricted stock awards	575,603	445,428
Weighted-average number of shares for diluted net income per share	99,716,527	98,463,667
Net income per share - basic	$ 0.34	$ 0.06
Net income per share - diluted	$ 0.33	$ 0.06

A total of 106,604 and 1,189,244 weighted average unexercised stock options were outstanding for the three month periods ended March 31, 2018 and 2017, respectively, but were not included in the computation of diluted net income per share because the awards were anti-dilutive.

11. Pension Plan and Post-Retirement Benefits

Defined Benefit Plans

Net pension benefit recognized for the three months ended March 31, 2018 and 2017 for the Company's defined benefit plan (the "Pension Plan") is as follows:

	Three Months Ended March 31,	
	2018	2017
Service cost for benefits earned during the period	$ 783	$ 1,077
Interest cost on projected benefit obligations	6,176	6,567
Expected return on plan assets	(9,648)	(9,031)
Amortization of net loss	527	1,197
Amortization of prior service cost	127	4
Net pension benefit	$ (2,035)	$ (186)

The Company adopted ASU 2017-07 during the interim period ended March 31, 2018. The ASU requires that the service cost component be reported in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations. As a result, $0.8 million of service cost is included in cost of sales, excluding depreciation and amortization, and $(2.8) million was recorded as pension income in the Company's Consolidated Statements of Comprehensive Income. In addition, $(0.3) million was recorded as pension income in the Company's Consolidated Statements of Comprehensive Income related to the Company's other postretirement benefits.

The adoption of this ASU retrospectively, utilizing the allowable practical expedient, resulted in a $(1.6) million reclassification between cost of sales, excluding depreciation and amortization, and pension income in the Company's Consolidated Statements of Comprehensive Income for 2017.

The Company currently does not anticipate making any Pension Plan contributions in 2018. This estimate is based on current tax laws, plan asset performance, and liability assumptions, which are subject to change.

The Company provides postretirement health care insurance benefits through an indemnity plan for certain salary and non-salary employees of its subsidiary Longview Fibre Paper and Packaging, Inc. ("Longview") and their dependents. The Company makes contributions to its postretirement plan as claims are submitted.

Defined Contribution Plan

The Company offers 401(k) Defined Contribution Plans ("Contribution Plans") to eligible employees. The Company's monthly contributions are based on the matching of certain employee contributions or based on a union negotiated formula. For the three months ended March 31, 2018 and 2017, the Company recognized expense of $7.7 million and $6.2 million, respectively, for matching contributions.

12. Stock-Based Compensation

In the quarter ended March 31, 2018, the compensation committee of the board of directors approved stock-based awards to certain executive officers and certain employees. The 2018 award consisted of the 285,036 restricted stock units with a cost of $9.9 million.

The Company accounts for stock-based awards in accordance with ASC 718, "*Compensation — Stock Compensation*," which requires that the cost resulting from all share-based payment transactions be recognized as compensation cost over the vesting period based on the fair value of the instrument on the date of grant.

Total stock-based compensation expense related to the stock option and restricted stock unit grants for the three months ended March 31, 2018 and 2017 is as follows:

	(unaudited) Three Months Ended March 31, 2018	2017
Stock option compensation expense	$ 893	$ 2,616
Restricted stock unit compensation expense	2,114	2,649
Total stock-based compensation expense	$ 3,007	$ 5,265

Total unrecognized stock-based compensation cost related to the stock options and restricted stock units as of March 31, 2018 and December 31, 2017 is as follows:

	(unaudited) March 31, 2018	December 31, 2017
Unrecognized stock option compensation expense	$ 3,620	$ 4,709
Unrecognized restricted stock unit compensation expense	13,459	5,891
Total unrecognized stock-based compensation expense	$ 17,079	$ 10,600

As of March 31, 2018, total unrecognized compensation cost related to non-vested stock options and restricted stock units is expected to be recognized over a weighted average period of 1.8 years and 2.5 years, respectively.

Stock Options

The following table summarizes stock options amounts and activity:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)	Intrinsic Value (dollars in thousands)
Outstanding at January 1, 2018	4,928,581	$ 16.07		
Granted	—			
Exercised	(515,397)	14.59		
Lapsed (forfeited or cancelled)	(60,677)	20.17		
Outstanding at March 31, 2018	4,352,507	$ 16.25		
Exercisable at March 31, 2018	2,917,751	$ 15.02	4.9	$ 56,293

For the three months ended March 31, 2018 and 2017, cash proceeds from the exercise of stock options totaled $6.4 million and $0.5 million, respectively.

Restricted Stock Units

Restricted stock units for executive officers and certain employees are restricted as to transferability until they generally vest three years from the grant date or upon a grantee of such restricted stock units attaining the age 65 and retiring from service with the Company. Restricted stock units granted to directors during 2017 and thereafter generally vest one year from the grant date or upon a grantee of such restricted stock units attaining the age of 65 and retiring from service with the Company. Restricted stock units granted to directors prior to 2017 generally vest three years from the grant date. These restricted stock units are subject to forfeiture should applicable employees terminate their employment with the Company for certain reasons prior to vesting in their awards, or the occurrence of certain other events. The value of these restricted stock units is based on the average market price of our common stock on the date of grant and compensation expense is recorded on a straight-line basis over the awards' vesting periods.

In accordance with the Merger Agreement, employees whose employment is terminated without "cause" or who resign their employment for "good reason" after consummation of the Merger will have their unvested options and RSUs (other than their 2018 annual equity grants) immediately vest in full as of the date of such termination or resignation. With respect to KapStone's 2018 annual equity grants (which consisted entirely of RSUs), two-thirds of each award would automatically vest upon termination of the award holder's employment without "cause" or resignation for "good reason" after consummation of the Merger , and the remainder would be forfeited upon any termination of employment prior to the normal vesting date. These automatic vesting provisions will apply indefinitely after consummation of the Merger and are not subject to a limited duration protection period. The 2018 grants will also include the retirement-related vesting provisions included in past KapStone grants.

The following table summarizes unvested restricted stock units amounts and activity:

	Units	Weighted Average Grant Price
Outstanding at January 1, 2018	862,926	$ 20.11
Granted	285,036	34.74
Vested	(184,834)	28.96
Forfeited	(12,216)	19.90
Outstanding at March 31, 2018	950,912	$ 22.80

13. Commitments and Contingencies

Legal Claims

The Company and its subsidiaries are from time to time subject to various administrative and legal investigations, claims and proceedings incidental to our business, including environmental and occupational, health and safety matters, labor and employment matters, personal injury and property damage claims, contractual, commercial and other disputes and taxes. We establish reserves for investigations, claims and proceedings when it is probable that liabilities exist and we can reasonably estimate the amount of such liabilities (including any losses, costs and expenses). We also maintain insurance that may limit our financial exposure for defense costs, as well as liability, if any, for claims covered by the insurance (subject also to deductibles and self-insurance amounts). Any investigation, claim or proceeding has an element of uncertainty, and we cannot predict or assure the outcome of any investigation, claim or proceeding involving the Company or any of its subsidiaries, particularly those described below that cannot be assessed due to their preliminary nature. It is possible that any of the investigations, claims and proceedings against the Company or its subsidiaries, including those described below, could be decided unfavorably against the Company or any of its subsidiaries involved in such matters and could also result in losses, costs or expenses in excess of any reserve we have established. Accordingly, it is possible that an adverse outcome from any investigation, claim or proceeding (including associated penalties, costs and expenses) could exceed any reserve we may have accrued in an amount that could have a material adverse effect on our consolidated results of operations, cash flows and financial condition.

The Company's subsidiary, Longview is a potentially responsible party under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") with respect to the Lower Duwamish Waterway Superfund Site in the State of Washington (the "Site"). The U.S. Environmental Protection Agency ("EPA") asserts that the Site is contaminated as a result of discharges from various businesses and government entities located along the Lower Duwamish Waterway, including a corrugated converting plant owned and operated by Longview. In November 2014, the EPA issued a Record of Decision ("ROD") for the Site. The ROD includes a selected remedy for the Site. In the ROD, EPA states that the total estimated net present value costs (discounted at 2.3 percent) for the selected remedy are $342 million, although many uncertainties remain that could result in increased remedial costs. This estimate does not include actual costs already incurred to date for remedial investigation and feasibility studies or potential natural resource damage claims by parties allegedly affected by the contamination at the Site. The Company has received notice from the Elliot Bay Trustee Council regarding the Company's potential liability for natural resource damages arising from the Site. Neither the Company nor Longview has received a specific monetary demand regarding its potential liability for the Site. In addition, Longview is a participant with approximately 45 other potentially responsible parties in a non-judicial allocation process with respect to the Site. Pursuant to the non-judicial allocation process, Longview and other participating parties will seek to allocate certain costs, including but not limited to the costs necessary to perform the work under the ROD. The non-judicial allocation process is not scheduled to be completed until 2020. Based upon the information available to the Company at this time, the Company cannot reasonably estimate its potential liability for this Site, including any liability for the current or any future third-party claims associated with the Site.

In January 2017, the Company received a letter from the state of Washington Department of Ecology ("WDOE") contending that the Company is, along with several other companies, responsible for investigation and cleanup of an allegedly contaminated site where the named companies, including Longview, may store or have stored petroleum products. The letter concerns the possible release of petroleum products into the environment. In 1998, Longview (before it was acquired by the Company) and certain other companies who owned or operated underground storage tanks and pipes entered into an agreement for investigating and remediating the area independently of (but in consultation with) the WDOE. Upon expiration of the 1998 agreement, groundwater monitoring continued. In June 2017, the WDOE further notified the Company that WDOE determined Longview is a potentially liable party related to the release or threatened release of petroleum at the site. The Company has responded to the notices and has been engaged in discussions with the WDOE and other potentially liable parties. Based upon the information available to the Company at this time, the Company cannot reasonably estimate its potential liability for this matter.

There have been no material changes in any of our legal proceedings for the three months ended March 31, 2018.

14. Segment Information

Paper and Packaging: This segment manufactures and sells a wide variety of container board, corrugated products and specialty paper for industrial and consumer markets.

Distribution: Through Victory, a North American distributor of packaging materials, with more than 60 distribution centers located in the United States, Mexico and Canada, the Company provides packaging materials and related products to a wide variety of customers.

Each segment's profits and losses are measured on operating profits before income from equity investments, foreign exchange (gain) / loss, loss on debt extinguishment, net interest expense and income taxes.

	Net Sales						
Three Months Ended March 31, 2018	**Trade**	**Inter-segment**	**Total**	**Operating Income (Loss)**	**Depreciation and Amortization**	**Capital Expenditures**	**Total Assets**
Paper and Packaging:							
Containerboard / Corrugated products	$ 377,024	$ 17,114	$ 394,138				
Specialty paper	169,665	—	169,665				
Other	21,296	—	21,296				
Paper and Packaging	$ 567,985	$ 17,114	$ 585,099	$ 74,711	$ 38,676	$ 35,148	$ 2,642,878
Distribution	231,210	—	231,210	2,491	5,907	287	640,945
Corporate	—	—	—	(25,469)	1,782	1,590	51,766
Intersegment eliminations	—	(17,114)	(17,114)	—	—	—	—
	$ 799,195	$ —	$ 799,195	$ 51,733	$ 46,365	$ 37,025	$ 3,335,589

	Net Sales						
Three Months Ended March 31, 2017	**Trade**	**Inter-segment**	**Total**	**Operating Income (Loss)**	**Depreciation and Amortization**	**Capital Expenditures**	**Total Assets**
Paper and Packaging:							
Containerboard / Corrugated products	$ 345,342	$ 21,197	$ 366,539				
Specialty paper	180,348	—	180,348				
Other	21,954	—	21,954				
Paper and Packaging	$ 547,644	$ 21,197	$ 568,841	$ 32,752	$ 37,406	$ 36,490	$ 2,591,747
Distribution	218,199	—	218,199	2,597	5,978	679	687,854
Corporate	—	—	—	(16,788)	1,964	1,500	43,218
Intersegment eliminations	—	(21,197)	(21,197)	—	—	—	—
	$ 765,843	$ —	$ 765,843	$ 18,561	$ 45,348	$ 38,669	$ 3,322,819

15. Subsequent Event

The Company's paper mill in Roanoke Rapids, North Carolina will begin its annual planned maintenance outage on April 20, 2018. The outage is expected to last approximately 10 days with an estimated cost of $10.7 million primarily for maintenance, inspections, and the fixed cost impact associated with lost paper production of 13,300 tons.

ITEM 2.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements about our expectations regarding our future operating and performance results, earnings, expenditures and financial condition and liquidity. These statements are often identified by the words "will," "should," "anticipate," "believe," "expect," "intend," "estimate," "hope," or similar expressions. These statements reflect management's current views with respect to future events and are subject to risks and uncertainties. There are important factors that could cause actual results to differ materially from those in forward-looking statements, many of which are beyond our control. These factors, risks and uncertainties include, but are not limited to, those described in Part I Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and in our other Securities and Exchange Commission filings, as well as various factors related to the Merger, including but not limited to: the ability of KapStone and WestRock to receive the required regulatory approvals for the Merger (and the risk that such approvals may result in the imposition of conditions that could adversely affect the combined company or the expected benefits of the Merger), to receive approval of KapStone's stockholders and to satisfy the other conditions to the closing of the Merger on a timely basis or at all; the occurrence of events that may give rise to a right of one or both of the parties to terminate the Merger Agreement; negative effects of the announcement or the consummation of the Merger on the market price of WestRock's or KapStone's common stock and/or on their respective businesses, financial conditions, results of operations and financial performance; risks relating to the value of the Holdco Common Stock that may be issued in the Merger, significant transaction costs and/or unknown liabilities; the possibility that the anticipated benefits from the Merger cannot be realized in full or at all or may take longer to realize than expected; risks associated with third party contracts containing consent and/or other provisions that may be triggered by the Merger; risks associated with transaction-related litigation; the possibility that costs or difficulties related to the integration of KapStone's operations with those of WestRock will be greater than expected; the outcome of legally required consultation with employees or other employee representatives; and the ability of KapStone and the combined company to retain and hire key personnel. There can be no assurance that the Merger or any other transaction described above will in fact be consummated in the manner described or at all.

We face additional risks and uncertainties not presently known to us or that we currently believe to be immaterial. Should any known or unknown risks and uncertainties develop into actual events, these developments could have a material adverse effect on our business, results of operations, financial condition or liquidity.

Our actual results, performance, financial condition, liquidity, prospects and opportunities could differ materially from those expressed in, or implied by, these forward-looking statements, and accordingly, we can give no assurances that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what impact they will have on our business, results of operations, financial condition or liquidity. In view of these uncertainties, investors are cautioned not to place undue reliance on these forward-looking statements. We expressly disclaim any obligation to publicly revise any forward looking statements that have been made to reflect the occurrence of events after the date hereof, except as required by law or regulation.

The following discussion should be read in conjunction with our Consolidated Financial Statements and related Notes thereto included elsewhere in this report.

Executive Summary

Industry and Business Conditions

Trade publications reported industry-wide corrugated products total box shipments increased 3.3 percent while industry mill containerboard production decreased 1.1 percent for the first two months of 2018 compared to the same period in 2017. Reported industry containerboard inventories as of February 28, 2018 were approximately 2,396 thousand tons, down 3.9 percent compared to the same time period in 2017. Reported containerboard export shipments decreased 8.4 percent compared to the same time period ended February 28, 2017.

Results of Operations for the Quarter Ended March 31, 2018

Consolidated net sales for the quarter ended March 31, 2018 were $799.2 million compared to $765.8 million for the first quarter of 2017, an increase of $33.4 million, or 4.4 percent, primarily due to $48.3 million of higher prices and a more favorable product mix, and higher Distribution segment sales of $13.0 million, partially offset by $27.1 million of lower sales volumes.

Consolidated net income for the quarter ended March 31, 2018 was $32.7 million, or $0.33 per diluted share, compared with $6.0 million, or $0.06 per diluted share, for the same period in 2017.

Paper and Packaging segment operating income for the current quarter increased $42.0 million to $74.7 million, primarily due to $48.3 million of higher prices and a more favorable price mix, the $7.5 million on the gain on sale of property, $6.4 million lower recycled fiber costs and $5.0 million of the absence of the Charleston mill's 2017 union ratification costs. These increases were partially offset by $15.1 million of inflation, $8.5 million of higher planned maintenance outage costs and $7.3 million due to lower sales volume.

Distribution segment operating income of $2.5 million for the current quarter was flat compared to the first quarter of 2017. The increased gross margin of $2.1 million from higher containerboard prices in the first quarter of 2018 was offset by higher freight and distribution costs.

Corporate operating expenses increased by $8.7 million to $25.5 million for the quarter ended March 31, 2018 compared to 2017 primarily due to merger expenses of $13.5 million and $1.5 million of higher management incentive compensation, partially offset by lower stock compensation expense of $2.3 million and the absence of Victory contingent consideration expense of $2.5 million.

Results of Operations

Comparison of Results of Operations for the Three Months Ended March 31, 2018 and 2017
(In thousands)

	Three Months Ended March 31,		Increase/	% of Net Sales	
	2018	2017	(Decrease)	2018	2017
Paper and packaging	$ 585,099	$ 568,841	$ 16,258	73.2%	74.3%
Distribution	231,210	218,199	13,011	28.9%	28.5%
Intersegment Eliminations	(17,114)	(21,197)	4,083	(2.1)%	(2.8)%
Net sales	$ 799,195	$ 765,843	$ 33,352	100.0%	100.0%
Cost of sales, excluding depreciation and amortization	554,821	562,461	(7,640)	69.4%	73.5%
Depreciation and amortization	46,365	45,348	1,017	5.8%	5.9%
Freight and distribution expenses	76,586	72,988	3,598	9.6%	9.5%
Selling, general, and administrative expenses	63,611	66,485	(2,874)	8.0%	8.7%
Merger expenses	13,532	—	13,532	1.7%	0.0%
Gain on sale of property	(7,453)	—	(7,453)	(0.9)%	0.0%
Operating income	$ 51,733	$ 18,561	$ 33,172	6.4%	2.4%
Foreign exchange (gain) / loss	(37)	(82)	45	0.0%	0.0%
Pension income	(3,092)	(1,563)	(1,529)	(0.4)%	(0.2)%
Equity method investments income	(520)	(677)	157	(0.1)%	(0.1)%
Interest expense, net	14,345	10,730	3,615	1.8%	1.4%
Income before provision for income taxes	41,037	10,153	30,884	5.1%	1.3%
Provision for income taxes	8,296	4,161	4,135	1.0%	0.5%
Net income	$ 32,741	$ 5,992	$ 26,749	4.1%	0.8%

Paper and Packaging segment net sales increased by $16.3 million to $585.1 million for the quarter ended March 31, 2018 due to $48.3 million of higher prices and a more favorable product mix, partially offset

by $27.1 million of lower sales volume and $4.1 million of decreased intersegment sales to the Distribution segement. Average mill selling price per ton for the quarter ended March 31, 2018 was $719 compared to $648 for the prior year's quarter, reflecting higher containerboard and specialty paper prices and a more favorable product mix.

In January 2018, the Company announced a $50 per ton price increase for North American containerboard shipments beginning March 1, 2018.

Distribution segment net sales increased by $13.0 million to $231.2 million for the quarter ended March 31, 2018 compared to 2017, due to higher prices related to the pass thru of higher containerboard costs and slightly higher sales volume.

Paper and Packaging segment sales by product line for the quarter ended March 31, 2018 and 2017 were as follows:

	Three Months Ended March 31,							
	Net Sales (in thousands)		Increase/		Tons Sold		Increase/	
Product Line Tons:	2018	2017	(Decrease)	%	2018	2017	(Decrease)	%
Containerboard / Corrugated products	$ 394,138	$ 366,539	$ 27,599	7.5%	440,846	434,380	6,466	1.5%
Specialty paper	169,665	180,348	(10,683)	(5.9)%	221,118	264,386	(43,268)	(16.4)%
Other	21,296	21,954	(658)	(3.0)%	—	—	—	—%
Product sold	$ 585,099	$ 568,841	$ 16,258	2.9%	661,964	698,766	(36,802)	(5.3)%

Tons of product sold for the Paper and Packaging segment for the quarter ended March 31, 2018 were 661,964 tons compared to 698,766 tons for the quarter ended March 31, 2017, a decrease of 36,802 tons, or 5.3 percent, as follows:

- Shipments of Containerboard / Corrugated products increased by 6,466 tons, primarily due to higher domestic containerboard shipments of 16,205 tons. This increase was partially offset by a decrease in corrugated product shipments of 5,066 tons and a decrease in export containerboard shipments of 4,674 tons.

- Specialty paper decrease in tons sold was primarily due to lower kraft paper shipments of 30,696 tons and lower pulp shipments of 10,754 tons.

Cost of sales, excluding depreciation and amortization expense, for the quarter ended March 31, 2018 was $554.8 million compared to $562.5 million for the first quarter of 2017, a decrease of $7.7 million, or 1.4 percent. The decrease in cost of sales was mainly due to $19.6 million of lower sales volume, $9.4 million of productivity gains, $6.4 million of lower recycled fiber costs and $5.0 million for the Charleston, South Carolina mill's union ratification cost not incurred in 2018, partially offset by $12.2 million of inflation, $8.5 million of higher planned maintenance outage costs, $1.6 million prior year pension income reclassification and $1.5 million for the closure of the Oakland, California box plant. Cost of sales, excluding depreciation and amortization expense, for the Distribution segment increased by $12.1 million primarily due to an increase in containerboard costs. Planned maintenance outage costs of approximately $14.7 million and $6.2 million are included in cost of sales for the quarters ended March 31, 2018 and 2017, respectively.

Depreciation and amortization expense for the quarter ended March 31, 2018 totaled $46.4 million compared to $45.3 million for the quarter ended March 31, 2017.

Freight and distribution expenses for the quarter ended March 31, 2018 totaled $76.6 million compared to $73.0 million for the quarter ended March 31, 2017. The increase of $3.6 million was primarily due to a higher percentage of domestic shipments and higher operating costs.

Selling, general and administrative expenses for the quarter ended March 31, 2018 totaled $63.6 million compared to $66.5 million for the quarter ended March 31, 2017. The decrease of $2.9 million, or 4.4 percent, was primarily due to $2.5 million of the Victory contingent consideration expense not incurred in 2018, $2.3 million of lower stock compensation expense and $2.1 million of lower Distribution segment operating costs, partially offset by $3.0 million of higher management incentives and benefits. For the quarter ended

March 31, 2018, selling, general and administrative expenses as a percentage of net sales was 8.0 percent compared to 8.7 percent in the quarter ended March 31, 2017.

Merger expenses for the quarter ended March 31, 2018 totaled $13.5 million, including $10.2 million for professional fees and $3.3 million for legal and other costs.

Net interest expense for the quarters ended March 31, 2018 and 2017 was $14.3 million and $10.7 million, respectively. Interest expense was $3.6 million higher for the quarter ended March 31, 2018 due to $2.1 million related to higher interest rates and $1.7 million due to implicit interest on long-term financing obligations.

Provision for income taxes for the quarters ended March 31, 2018 and 2017 was $8.3 million and $4.2 million, respectively, reflecting an effective income tax rate of 20.2 percent for the quarter ended March 31, 2018, compared to 41.0 percent for the similar period in 2017. The lower effective income tax rate in the three months ended March 31, 2018 reflects the 21 percent federal statutory tax rate beginning in 2018 from the Tax Cuts and Jobs Act and a $1.5 million discrete tax benefit from excess tax deductions related to stock compensation.

Liquidity and Capital Resources

Credit Facility

The Company had $465.9 million available to borrow under the Revolver at March 31, 2018. In addition, the Credit Facility also includes an uncommitted accordion feature that allows the Company, subject to certain significant conditions, to request additional commitments from our existing or new lenders under the Credit Facility without further approvals of any existing lenders thereunder. The aggregate amount of such increases in potential commitments (and potential borrowings) is limited to $600 million, unless the Company would maintain a pro forma total leverage ratio of 2.5 to 1.0 or less after giving effect to the increase in potential commitments (and potential borrowings).

Receivables Credit Facility

As of March 31, 2018, the Company had $304.4 million of outstanding borrowings under its $325.0 million Receivables Credit Facility with an interest rate of 2.6 percent.

Debt Covenants

As of March 31, 2018, under the financial covenants of the Credit Agreement, the Company must comply on a quarterly basis with a maximum permitted leverage ratio as of the end of each quarter. The leverage ratio is calculated by dividing the Company’s debt net of available cash up to $150 million by its rolling twelve month total earnings before interest expense, taxes, depreciation and amortization after accounting for allowable adjustments. The maximum permitted leverage ratio declines over the life of the Credit Agreement. As of March 31, 2018, the Company was in compliance with a leverage ratio of 2.96 to 1.00 compared to a maximum permitted leverage ratio of 4.25 to 1.00.

The Credit Agreement also includes a financial covenant requiring a minimum interest coverage ratio. This ratio is calculated by dividing the Company’s trailing twelve month total earnings before interest expense, taxes, depreciation and amortization after accounting for allowable adjustments by the sum of our net cash interest payments during the twelve month period. On March 31, 2018, the Company was in compliance with the Credit Agreement with an interest coverage ratio of 9.22 to 1.00 compared to a minimum required ratio of 3:00 to 1:00.

As of March 31, 2018, KapStone was also in compliance with all other covenants in the Credit Agreement.

Income taxes

The Company’s effective income tax rate, excluding discrete items for 2018, is projected to be 23.7 percent. The Company’s cash tax rate on earnings for 2018 is projected to be 25 percent.

Sources and Uses of Cash

Three months ended March 31 ($ in thousands)	2018	2017	Incr / (Dcr)
Operating activities	$ 5,123	$ 32,669	$ (27,546)
Investing activities	(22,344)	(72,169)	49,825
Financing activities	7,840	18,030	(10,190)
Total change in cash and cash equivalents	$ (9,381)	$ (21,470)	$ 12,089

Cash and cash equivalents decreased by $9.4 million from December 31, 2017, reflecting $5.1 million provided by operating activities, $22.3 million used in investing activities and $7.8 million provided by financing activities in the first three months of 2018.

Net cash provided by operating activities was $5.1 million, comprised of net income for the first three months of $32.7 million and non-cash charges of $43.4 million. Changes in operating assets and liabilities used $71.1 million of cash. Net cash provided by operating activities decreased by $27.5 million in the three months ended March 31, 2018, compared to the three months ended March 31, 2017, mainly due to a $42.1 million increase in cash used for working capital and $12.1 million of lower non-cash charges, partially offset by higher net income of $26.7 million. The increase in cash used for working capital in the three months ended March 31, 2018 compared to 2017 is primarily due to the payment of management incentive compensation, the Victory contingent consideration payment and higher inventory levels, which were partially offset by lower trade accounts receivables.

Net cash used in investing activities was $22.3 million and includes $37.0 million for capital expenditures and proceeds of $14.7 million from the sale of property. Net cash used in investing activities decreased by $49.8 million in the three months ended March 31, 2018, compared to the three months ended March 31, 2017, primarily due to the acquisition of API in 2017 and the proceeds from the sale of property.

Net cash provided by financing activities was $7.8 million and reflects $20.0 million of net short-term borrowings under the Revolver, $6.8 million of other current borrowings and $5.1 million of net proceeds from share transactions. These borrowings were partially offset by $9.7 million of quarterly dividend payments, the $9.6 million contingent consideration payment to the former owners Victory and $4.4 million of net repayments under the Receivables Credit Facility. Net cash provided by financing activities decreased by $10.2 million in the three months ended March 31, 2018, compared to the three months ended March 31, 2017, primarily due to the Victory contingent consideration payment and lower net borrowings in 2018.

Future Cash Needs

The Company expects that cash generated from operating activities will be sufficient to meet its remaining 2018 cash needs. The cash needs consist of approximately $34.0 million of payments to financial advisors contingent upon the consummation of the Merger, $30.0 million for cash dividends subject to board approval, $5.0 million due for contingent consideration upon the consummation of the Merger of KapStone and WestRock and any additional working capital needs. In addition, capital expenditures for the full year are estimated to be $169.0 million.

Should the need arise, we have the ability to draw from our $500.0 million Revolver. In addition, if available and subject to specified significant conditions, we may have the ability to request additional commitments from our existing or new lenders and borrow up to $600.0 million under the accordion provision of our Credit Facility without further approvals of any existing lenders thereunder. As of March 31, 2018, the Company had $20.0 million of borrowings under the Revolver and $465.9 million of remaining Revolver availability, net of outstanding letters of credit.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet financing arrangements. The Company maintains a special purpose entity, in connection with the Receivables Credit Facility, which is consolidated as part of our financial statements. We have not guaranteed any debt or commitments of other entities or entered into any options on non-financial assets.

Changes to Critical Accounting Policies

Revenue Recognition

During the first quarter ended March 31, 2018, the Company adopted the provisions of ASC 606, “Revenue from Contracts with Customers”. Refer to Note 2, Recently Adopted and New Accounting Pronouncements and Note 3, Revenue, in the footnotes to the financial statements, related to the impact of the adoption on the Company’s financial statements and accounting policies.

Pension and Postretirement Benefits

During the first quarter ended March 31, 2018, the Company adopted the provisions of ASU No. 2017-07, “Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost”. Refer to Note 2, Recently Adopted and New Accounting Pronouncements and Note 11, Pension Plan and Post-Retirement Benefits, in the footnotes to the financial statements, related to the impact of the adoption on the Company’s financial statements and accounting policies.

ITEM 3.
QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the sensitivity of income to changes in interest rates, commodity prices, equity prices and other market-driven rates or prices.

Under our Credit Agreement, at March 31, 2018, our Credit Facility consisted of two term loans totaling approximately $1.1 billion outstanding and the Revolver that provides for borrowing of up to $500 million. Depending on the type of borrowing, the applicable interest rate under the Credit Facility is calculated at a per annum rate equal to (a) LIBOR plus an applicable margin or (b) the base rate that is calculated as (i) the greatest of (x) the prime rate, (y) the federal funds effective rate plus 0.50% or (z) a daily rate equal to one month LIBOR plus 1% plus (ii) an applicable margin. The unused portion of the Revolver is also subject to an unused fee that is calculated at a per annum rate (the “Unused Fee Rate”).

The applicable margin for borrowings under the Credit Facility and the Unused Fee Rate is determined by reference to the pricing grid based on the Company’s total leverage ratio. Under such pricing grid, the applicable margins for Term Loan A-1 and Revolver ranges from 1.00% to 2.00% for Eurodollar loans and from 0.0% to 1.00% for base rate loans and the Unused Fee Rate ranges from 0.20% to 0.325%. The applicable margins for Term Loan A-2 ranges from 1.125% to 2.125% for Eurodollar loans and from 0.125% to 1.125% for base rate loans. At March 31, 2018 the weighted average interest rate of the term loans was 3.7 percent.

Under our Receivables Credit Facility, at March 31, 2018, we had $304.4 million of outstanding borrowings. The outstanding capital of each investment in the receivable interests accrues yield for each day at a rate per annum equal to the sum of (a) for any day, the one-month Eurodollar rate for U.S. dollar deposits plus (b) the applicable margin. At March 31, 2018 the interest rate on outstanding amounts under the Receivables Credit Facility was 2.6 percent.

Changes in market rates may impact the base or LIBOR rate under all borrowings. For instance, if the LIBOR rate was to increase or decrease by one percentage point (1.0 percent), our annual interest expense would change by approximately $14.0 million based upon our expected future monthly term loan balances per our existing repayment schedule and the Receivables Credit Facility.

We are exposed to price fluctuations of certain commodities used in production and distribution. Key materials and energy used in the production process include roundwood and woodchips, OCC, containerboard, electricity, coal, natural gas and caustic soda. Diesel fuel prices have a direct impact on our Distribution segment. We generally purchase these commodities in each of our segments at market prices and do not use forward contracts or other financial instruments to hedge our exposure to price risk related to these commodities. We have one contract to purchase coal at fixed prices through December 31, 2018. Contracts for the purchase of natural gas at fixed prices have been layered in for various terms and quantities, with the shortest terms ending in 2019 and the longest terms ending in 2022.

We are exposed to price fluctuations in the price of our finished goods. The prices we charge for our products are primarily based on market conditions.

We are exposed to currency fluctuations as we invoice certain European customers in Euros and Mexican customers in Pesos. The Company did not use forward contracts to reduce the impact of currency fluctuations during the quarter ended March 31, 2018. No such contracts were outstanding at March 31, 2018.

ITEM 4.
CONTROLS AND PROCEDURES

As of the end of the period covered by this report, our Chief Executive Officer and our Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as required by Rule 13a-15(b) under the Securities Exchange Act of 1934. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2018.

There were no changes in our internal control over financial reporting during the three months ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. — OTHER INFORMATION
ITEM 1.
LEGAL PROCEEDINGS

See “Legal Claims” under Note 13, Commitments and Contingencies. There have been no material changes in the legal proceedings described in our Form 10-K for the year ended December 31, 2017.

ITEM 1A.
RISK FACTORS

There have been no material changes from the Risk Factors described in our Form 10-K for the year ended December 31, 2017.

ITEM 2.
UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3.
DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4.
MINE SAFETY DISCLOSURES

None.

ITEM 5.
OTHER INFORMATION

None.

ITEM 6.
EXHIBITS

The following Exhibits are filed as part of this report.

Exhibit No.	Description
10.24	Change in Control Severance Agreement, effective March 24, 2018, by and between KapStone Paper and Packaging Corporation and Randy Nebel. Incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed on March 28, 2018.
10.25	Change in Control Severance Agreement, effective March 24, 2018, by and between KapStone Paper and Packaging Corporation and Andrea Tarbox. Incorporated by reference to Exhibit 10.2 to the Registrant’s Current Report on Form 8-K filed on March 28, 2018.
10.26	Change in Control Severance Agreement, effective February 28, 2018, by and between KapStone Paper and Packaging Corporation and Wilbur Kessinger.
10.27	Form of Change in Control Severance Agreement, by and between KapStone Paper and Packaging Corporation and executive officers.
10.28	Letter Agreement dated April 16, 2018, by and among KapStone Receivables, LLC, as Seller, and the financial institutions from time to time party thereto, as Purchasers, and Well Fargo Bank, N.A. as Administrative Agent.
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Extension Presentation Linkbase.

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SIGNATURE

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

KAPSTONE PAPER AND PACKAGING CORPORATION

April 18, 2018

By: /s/ Andrea K. Tarbox
Andrea K. Tarbox
Executive Vice President and Chief Financial Officer
(duly authorized officer and principal financial officer)

Exhibit 10.26

CHANGE IN CONTROL SEVERANCE AGREEMENT

THIS AGREEMENT, effective February 28, 2018, is made by and between KapStone Paper and Packaging Corporation, a Delaware corporation, and Wilbur Kessinger (the "**Employee**").

WHEREAS, the Company entered into the Agreement and Plan of Merger, dated January 28, 2018, among KapStone Paper and Packaging Corporation, WestRock Company, Whiskey Holdco, Inc., Whiskey Merger Sub, Inc. and Kola Merger Sub, Inc. (the "**Merger Agreement**"), which provided for certain mergers (the "**Mergers**") that, if consummated, will result in the Company becoming a wholly-owned subsidiary of Whiskey Holdco, Inc.;

WHEREAS, the Company considers it essential to the best interests of its stockholders to foster the continued employment of key personnel; and

WHEREAS, the Company recognizes that, both before and after the closing of the Mergers (such closing, the "**Change in Control**"), uncertainty and questions regarding the Change in Control may result in the departure or distraction of key personnel to the detriment of the Company and its stockholders; and

WHEREAS, the Company has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of the Company's key personnel, including the Employee, to their assigned duties without distraction in the face of uncertainty arising from the potential Change in Control;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Company and the Employee hereby agree as follows:

1. Defined Terms. The definitions of capitalized terms used in this Change in Control Severance Agreement ("**Agreement**") are provided in Section 14.

2. Severance Payments. If within one year following the Change in Control, the Employee's employment is terminated by the Company or any of its Affiliates without Cause or by the Employee for Good Reason, then the Company will pay the Employee the amounts, and provide the Employee the benefits, described in subsection 2.1 and subsection 2.2 of this Section 2 ("**Severance Payments**"), provided that Employee complies with the requirements of Section 5 regarding execution and delivery of a general release. The payments described in this Section 2 are in addition to the Accrued Benefits (which, for the avoidance of doubt, will be provided to the Employee upon any termination of employment and without regard to whether the Employee executes a release).

2.1 The Company will pay to the Employee a lump sum cash severance payment equal to $558,000. Subject to the provisions of Section 13, the payment provided for in this subsection 2.1 will be made on or before the second regularly scheduled payroll date following the effective date of the release described in Section 5 and in any event no later than March 15 of the year following the year in which the termination of employment occurs.

2.2 For the number of months immediately following the Date of Termination (not to exceed 12 months) determined by dividing (i) the lump sum cash change in control severance payment payable to the Employee under subsection 2.1 of this Agreement by (ii) the Employee's average monthly base salary in effect as of the Date of Termination (such quotient to be rounded down to the nearest whole number), the Company will provide the Employee and the Employee's eligible dependents with health insurance benefits substantially similar to those provided to active employees of the Company immediately prior to the Date of Termination; provided, however, that (x) the Employee's and the Employee's qualified dependents' COBRA eligibility period will include the period during which the Company is providing benefits under this subsection 2.2, (y) the Employee will be responsible for the payment of premiums for such benefits in the same amount as active employees of the Company and (z) such benefits will cease if and to the extent the Employee becomes eligible for similar benefits by reason of new employment.

3. Section 280G.

3.1 Notwithstanding any other provisions of this Agreement, in the event that any payment or benefit received or to be received by the Employee (including any payment or benefit received in connection with the Change in Control or the termination of the Employee's employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, including the Severance Payments, referred to as the "**Total Payments**") would be subject (in whole or part) to any excise tax imposed under section 4999 of the Code (an "**Excise Tax**"), then, after taking into account any reduction in the Total Payments provided by reason of section 280G of the Code in such other plan, arrangement or agreement, the Total Payments will be reduced to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax, but only if (A) the net amount of the Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (B) the net amount of the Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on the Total Payments and the amount of Excise Tax to which the Employee would be subject with respect to such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments). Such reduction shall be achieved by first reducing or eliminating the portion of the Total Payments that are payable in cash and then reducing or eliminating the non-cash portion of the Total Payments, in each case in reverse order beginning with payments and benefits which are to be paid or provided the furthest in time from the date of the determination described in subsection 3.2 below.

3.2 For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, the following portions of the Total Payments will not be taken into account: (i) the portion that the Employee waives at the time and in the manner as not to constitute a "payment" within the meaning of section 280G(b) of the Code and (ii) the portion that the Employee and WestRock Company agree (or, if Employee and WestRock Company do not agree, that, in the opinion of tax counsel

reasonably acceptable to the Employee and WestRock Company ("**Tax Counsel**") and selected by Deloitte (the "**Accounting Firm**")) does not constitute a "parachute payment" within the meaning of section 280G(b)(2) of the Code (including by reason of section 280G(b)(4)(A) of the Code). In calculating the Excise Tax, no portion of the Total Payments will be taken into account that the Employee and WestRock Company agree (or, in the event that the Employee and WestRock Company do not agree, that, in the opinion of Tax Counsel) constitutes reasonable compensation for services actually rendered, within the meaning of section 280G(b)(4)(B) of the Code, in excess of the Base Amount allocable to such reasonable compensation. The value of any non-cash benefit or any deferred payment or benefit included in the Total Payments will be determined by the Accounting Firm in accordance with the principles of sections 280G(d)(3) and (4) of the Code.

3.3 At the time that payments are made under this Agreement, the Company will provide the Employee with a written statement setting forth the manner in which the payments were calculated and the basis for the calculations, including without limitation any opinions or other advice the Company has received from Tax Counsel, the Accounting Firm or other advisors or consultants (and any such opinions or advice that are in writing will be attached to the statement). If the Employee objects in writing to the Company's calculations, the Company and Employee will cooperate in good faith to resolve such objection, and if applicable, the Company will pay to the Employee the portion of the Severance Payments (up to 100%) as the Company and Employee reasonably determine is necessary to result in the proper application of subsection 3.1 of this Section 3.

4. Termination Procedures.

4.1 Notice of Termination. Within one year following the Change in Control, any purported termination of the Employee's employment without Cause or for Good Reason will be communicated by written Notice of Termination from the Employee to the Company or the Company to the Employee, as applicable, in accordance with Section 8. For purposes of this Agreement, a "**Notice of Termination**" means a notice that indicates whether the termination of the Employee's employment is without Cause or for Good Reason and sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Employee's employment. In addition, if the Employee purports that the Employee has Good Reason to terminate employment, the Employee must also deliver Notice of Termination in accordance with the requirements set forth in Section 14(H).

4.2 Date of Termination. "**Date of Termination**," with respect to any purported termination of the Employee's employment within one year following a Change in Control means the date specified in the Notice of Termination. In the case of a termination by the Employee for Good Reason, the Date of Termination may not be earlier than the end of the cure period described in the definition of "Good Reason" or later than 60 days from the date that Notice of Termination is given.

5. Requirement of Release. Notwithstanding anything in this Agreement to the contrary, the Employee will not be entitled to the Severance Payments unless, within 45 days after the Date of Termination, the Employee signs and returns a release of claims and restrictive

covenant agreement (“Release”) in the form attached to this Agreement as Exhibit A (and does not subsequently revoke the Release in accordance with its terms). If the Release does not become effective and non-revocable in accordance with the terms of the foregoing sentence, the Company’s obligations to provide Severance Payments will cease immediately.

6. No Mitigation. The Company agrees that the Employee is not required to seek other employment or to attempt in any way to reduce the Severance Payments. No payment or benefit provided for in this Agreement will be reduced by any compensation earned by the Employee as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Employee to the Company, or otherwise.

7. Successors; Binding Agreement.

7.1 In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

7.2 This Agreement will inure to the benefit of and be enforceable by the Employee’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Employee dies while any amount would still be payable to the Employee under this Agreement (other than amounts that, by their terms, terminate upon the death of the Employee) if the Employee had continued to live, all such amounts, unless otherwise provided in this Agreement, will be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Employee’s estate.

7.3 No Severance Payments will be payable under this Agreement unless there has been a termination of the Employee’s employment with the Company within one year following a Change in Control. This Agreement will be null and void and of no effect if the Change in Control does not occur.

8. Notices. For the purpose of this Agreement, notices and all other communications provided for in the Agreement must be in writing and will be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed, if to the Employee, to the most recent address shown in the personnel records of the Company and, if to the Company, to the address set forth below, or to such other address as either party may have furnished to the other in writing in accordance with this Section 8, except that notice of change of address is effective only upon actual receipt:

To the Company:

KapStone Paper and Packaging Corporation
1101 Skokie Boulevard
Suite 300
Northbrook, Illinois 60062

Attn: General Counsel

9. Miscellaneous; Amendment of Related Agreements. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Employee and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of compliance with, any condition or provision of this Agreement to be performed by such other party will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof that have been made by either party; provided, however, that this Agreement will supersede any agreement setting forth the terms and conditions of the Employee's employment with the Company only in the event that, following a Change in Control, the Employee's employment with the Company is terminated by the Company other than for Cause or by the Employee for Good Reason. The validity, interpretation, construction and performance of this Agreement will be governed by the laws of the State of Illinois. All references to sections of the Code will be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder will be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which the Employee has agreed. The obligations of the Company and the Employee under this Agreement that by their nature may require either partial or total performance after the expiration of the Term (including, without limitation, those under Section 2) will survive such expiration.

10. Validity. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision of this Agreement, which will remain in full force and effect.

11. Counterparts. This Agreement may be executed in several counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

12. Settlement of Disputes; Arbitration.

12.1 All claims by the Employee for benefits under this Agreement will be directed to and determined by the Company and will be in writing. Any denial by the Company of a claim for benefits under this Agreement will be delivered to the Employee in writing and will set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Company will afford a reasonable opportunity to the Employee for a review of the decision denying a claim and will further allow the Employee to appeal to the Board (or its designee) a decision of the Company within 60 days after notification by the Company that the Employee's claim has been denied. Notwithstanding the above, in the event of any dispute, any decision by the Company hereunder will be subject to a de novo review by the arbitrator.

12.2 Any further dispute or controversy arising under or in connection with this Agreement will be settled exclusively by binding and non-appealable arbitration in the State of Illinois in accordance with the rules of the American Arbitration Association then

in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

13. Section 409A. This Agreement is intended to comply with the requirements of section 409A of Code, and will be interpreted and construed consistently with such intent. All references in this Agreement to the Employee's termination of employment refer to the Employee's separation from service within the meaning of section 409A of the Code. Payments provided pursuant to Section 2 of this Agreement are intended to be exempt from section 409A of the Code to the maximum extent possible, under either the separation pay exemption pursuant to Treasury regulation §1.409A-1(b)(9)(iii) or as short-term deferrals pursuant to Treasury regulation §1.409A-1(b)(4). Each payment and benefit provided under this Agreement will constitute a "separately identified" amount within the meaning of Treasury regulation §1.409A-2(b)(2). Any payment that is deferred compensation subject to section 409A of the Code, conditioned upon the Employee's execution of a release, and to be paid during a designated period that begins in one taxable year and ends in a second taxable year will be paid in the second taxable year. In the event the terms of this Agreement would subject the Employee to taxes or penalties under section 409A of the Code ("**409A Penalties**"), the Company and the Employee will cooperate diligently to amend the terms of the Agreement to avoid such 409A Penalties, to the extent possible; provided that in no event will the Company be responsible for any 409A Penalties that arise in connection with any amounts payable under this Agreement. Notwithstanding any other provision in this Agreement, if the Employee is a "specified employee," as defined in section 409A of the Code, as of the date of termination, then to the extent any amount payable under this Agreement (i) constitutes the payment of nonqualified deferred compensation, within the meaning of section 409A of the Code, (ii) is payable upon the Employee's separation from service, within the meaning of section 409A of the Code, and (iii) would be payable prior to the six-month anniversary of the Employee's separation from service, payment of such amount will be delayed until the earlier to occur of (a) the six-month anniversary of the date of such separation from service or (b) the date of the Employee's death. Any amount of expenses eligible for reimbursement, or in-kind benefit provided, during a calendar year will not affect the amount of expenses eligible for reimbursement, or in-kind benefit to be provided, during any other calendar year. Any reimbursement will be made no later than the last day of the calendar year following the calendar year in which the expenses to be reimbursed were incurred. The right to any reimbursement or in-kind benefit pursuant to this Agreement will not be subject to liquidation or exchange for any other benefit.

14. Definitions. For purposes of this Agreement, the following terms will have the meanings indicated below;

(A) "**Accrued Benefits**" means (i) earned but unpaid salary, (ii) accrued but unused vacation pay, (iii) any employee benefits to which the Employee is entitled under any employee benefit or compensation plan maintained by the Company or its Affiliates (other than any severance plan), and (iv) reimbursement for any incurred, but unreimbursed business expenses.

(B) "**Affiliate**" means, with respect to any entity, any other entity that, at the time of determination, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the first-referenced entity.

(C) “**Base Amount**” has the meaning set forth in section 280G(b)(3) of the Code.

(D) “**Board**” means the Board of Directors of the Company.

(E) “**Cause**” means the occurrence of any of the following with respect to the Employee: (i) conviction by a court of competent jurisdiction of a felony (other than a traffic violation); (ii) refusal or failure to perform duties where such failure or refusal is materially detrimental to the business or reputation of any member of the Holdco Group (as defined below), except during periods of physical or mental incapacity, and unless remedied within thirty days after receipt of written notice thereof by the applicable member of the Holdco Group; and (iii) willful misconduct or gross negligence with respect to the individual’s duties that is materially detrimental to the business or reputation of any member of the Holdco Group, unless remedied (if capable of being remedied) within thirty days after receipt of written notice thereof by the applicable member of the Holdco Group.

(F) “**Code**” means the Internal Revenue Code of 1986, as amended.

(G) “**Company**” means KapStone Paper and Packaging Corporation and any successor to its business and/or assets (including, for purposes of this Agreement, Whiskey Holdco, Inc.) that assumes and agrees to perform this Agreement by operation of law, or otherwise.

(H) “**Good Reason**” means the occurrence of any of the following with respect to the Employee: (i) material diminution of authority, duties or responsibilities (or authorities, duties or responsibilities of the supervisor to whom the Employee reports); (ii) diminution in base salary or incentive compensation opportunities; (iii) the relocation of the Employee’s principal place of employment by more than 50 miles (unless the new place of employment is closer to the individual’s primary residence); and (iv) the material breach of any agreement between the Company or any of its Affiliates and the Employee. Notwithstanding the foregoing, Good Reason will not exist unless (A) the Employee gives Notice of Termination to the Company or its applicable Affiliate of the Employee’s termination of employment within 30 days after the occurrence of the circumstances constituting Good Reason, and the Company or its applicable Affiliate has failed within 30 days after receipt of such notice (the “Cure Period”) to cure the circumstances constituting Good Reason, and (B) the Employee’s “separation from service” (within the meaning of section 409A of the Code) occurs no later than the day that is 30 days following the last day of the Cure Period (assuming no cure has occurred).

(I) “**Holdco Group**” means, collectively, (i) the Company, (ii) any of the Company’s current or future direct or indirect subsidiaries or parents (a “**Company Parent**”) and (iii) any other direct or indirect subsidiary of any Company Parent, including, for the avoidance of doubt, WestRock Company and

its direct or indirect subsidiaries, including, in each case, any successor to any such entity.

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

KAPSTONE PAPER AND PACKAGING CORPORATION

By: /s/ Matthew Kaplan
Name: Matthew Kaplan
Its: Chief Executive Officer

Wilbur Kessinger

/s/ Wilbur Kessinger

Signature Page to Change in Control Severance Agreement

EXHIBIT A

FORM OF RELEASE AGREEMENT

[*to be attached*]

RELEASE AGREEMENT

This RELEASE AGREEMENT ("Agreement") is entered into by and between KapStone Paper and Packaging Corporation (together with its affiliates, including WestRock Company and its subsidiaries, the "Employer") and NAME ("Employee"). In consideration of the mutual covenants, conditions and promises set forth in this Agreement, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the undersigned parties agree as follows:

I. Definitions

For purposes of this Agreement, the following Definitions will apply:

A. Administrative Proceeding. An "Administrative Proceeding" includes any charge or complaint or other action instituted with a federal, state, or local governmental agency other than the U.S. Equal Employment Opportunity Commission ("EEOC").

B. Change in Control Severance Agreement. The "Change in Control Severance Agreement" is the agreement to which this Agreement is attached.

C. Effective Date. The "Effective Date" of this Agreement is the eighth (8th) day after Employee's execution of this Agreement, as set forth in Paragraph II.D(4) below, provided that Employee does not exercise Employee's right to revoke as set forth in that paragraph.

D. Released Parties. The "Released Parties" are the Employer and its present or former officers, directors, employees, agents, affiliated companies, subsidiaries, shareholders, partners, attorneys, predecessors, successors and assigns.

E. Releasing Parties. The "Releasing Parties" are the Employee and Employee's attorneys, heirs, executors, administrators, representatives, agents, successors, and assigns.

F. Severance Payments. The "Severance Payments" are the payments payable under Section 2 of the Change in Control Severance Agreement.

G. Termination Date. The "Termination Date" will be DOT.

II. Terms

A. Timeframe and Method of Accepting the Agreement. Employee agrees and understands that, to be effective, Employee must return this Agreement within forty-five (45) days after the Termination Date. Employer may reject Employee's signed Agreement if it is not post-marked and deposited in the U.S. Mail on or before the forth-fifth (45th) day following the Termination Date, addressed to the following address: [ ]. Following the Effective Date, upon receipt of Employee's signed Agreement, and provided that Employee complied with the requirements set forth in this Agreement, Employer will mail Employee a copy of the fully executed agreement and process the Severance Payments described in the Change in Control Severance Agreement.

B. Return of Employer Property. If Employee has not already done so, Employee will return and give to the Employer as soon as possible, but no later than seven (7) days after the Termination Date, all keys, access cards, electronics, storage media, machinery and confidential or proprietary documents related to Employer business or customer information and which are in Employee's possession, or under Employee's direction or control. Except as permitted in Paragraph II.F(2), below, Employee also agrees that Employee will not retain or convey to any other person or entity any copies or originals of Employer property.

Employee also agrees to immediately cease the use of all Employer-issued credit cards and to make payment of any and all outstanding balances in accordance with cardholder agreements and the time limitations contained therein. No later than fourteen (14) days after the Termination Date, Employee will submit to Employer all expense statements and receipts related to any Employer-authorized expenses, and, if charged to Employer credit cards, to use any reimbursement payments for the purpose of paying such charges.

C. Severance Payments. In consideration for Employee's execution of this Agreement, and Employee's release of all claims as set forth below, the Employer will provide to Employee the Severance Payments as set forth in the Change in Control Severance Agreement. The Severance Payments are contingent upon Employee's execution of this Agreement, Employee's not exercising Employee's right to revoke, and Employee's compliance with all of the terms of this Agreement.

D. Acknowledgements. Employee acknowledges that Employee has read and understands this Agreement, and Employee specifically acknowledges the following:

(1) That Employee is hereby advised by the Employer to consult with an attorney, and has had the opportunity to consult with an attorney, before signing this Agreement; and

(2) That Employee has forty-five (45) days to decide whether to sign this Agreement; and

(3) That Employee is waiving, among other claims, age discrimination claims under the Age Discrimination in Employment Act ("ADEA"), 29 U.S.C. §621, *et seq*., and all amendments thereto; and

(4) That if Employee signs this Agreement, Employee has seven (7) days in which to revoke Employee's signature, and that this Agreement will not become effective or enforceable until after the Effective Date (in other words, the revocation period must have expired, and Employee must not have exercised Employee's right to revoke). Specifically, Employee understands that Employee will not receive the Severance Payments until after the Effective Date. To revoke this Agreement, Employee must send a written notice via U.S. Mail to [ ], and that written notice of revocation must be post-marked and deposited in the U.S. Mail on or before the seventh (7th) day after Employee's signing of this Agreement; and

(5) That, by signing this Agreement, Employee is not waiving or releasing any claims based on actions or omissions that occur after the date of Employee's signing of this Agreement.

E. Release. Except as set forth herein, Employee agrees and understands that this is a complete and general release. In exchange for the Severance Payments as set forth in the Change in Control Severance Agreement, the Releasing Parties unconditionally release, acquit, covenant not to sue and forever discharge the Released Parties from any and all claims, actions, complaints, grievances and causes of action (hereinafter collectively referred to as "claims"), whether known or unknown, which Employee may have arising out of or in

(Please initial)
Employee ______________________________
Company Representative ______________________

connection with Employee's employment or termination of Employee's employment, through the date on which Employee signs this Agreement.

This release includes, but is not limited to, the following claims: Title VII of the Civil Rights Act of 1964; the Americans with Disabilities Act; the Employee Retirement Income Security Act (except such rights as may be vested under any retirement plan sponsored by the Employer); the Lilly Ledbetter Fair Pay Act; the Family Medical Leave Act; the Fair Labor Standards Act; the Age Discrimination in Employment Act ("ADEA"); the Uniformed Services Employment and Reemployment Rights Act; [ ](1); any claims for wrongful discharge, discrimination, retaliation, harassment, breach of contract, intentional or negligent infliction of emotional distress, defamation, or interference with contract; any claims for failure to pay wages, vacation pay, personal pay, sick pay, separation pay, or benefits; any claims for continued employment; any claims for liquidated damages and/or punitive damages; and any other cause of action based on the common law or federal, state, or other governmental statute, law, regulation or ordinance. [Accordingly, Employee further waives any rights under Section 1542 of the Civil Code of the State of California or any similar statute. Section 1542 states:

"**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH, IF KNOWN TO HIM OR HER, MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR**."](2)

Employee further represents and agrees that Employee has not and will not, nor has had anyone on Employee's behalf (including but not limited to the Releasing Parties), filed a lawsuit or instituted any other legal or Administrative Proceeding (as defined in Paragraph I.E above) as to any matter based upon, arising out of, or related to Employee's employment, compensation during employment, or termination of Employee's employment. Nothing in this Agreement shall be construed to prevent Employee from filing or participating in a charge of discrimination filed with the Equal Employment Opportunity Commission ("EEOC"). If Employee files a charge with the EEOC that would otherwise have been released by this Paragraph, Employee may be limited to non-monetary relief.

Employee and the Employer understand that this release does not apply to, without duplication, (i) Employee's accrued rights (other than accrued rights to cash severance payments) under any employee benefit plan, program, policy, agreement or arrangement (including under the 2018 Management Incentive Plan or similar short-term incentive arrangement or any Success Bonus letter agreement); (ii) Employee's rights to any accrued but unpaid base salary or accrued but unused vacation; and (iii) Employee's rights to indemnification pursuant to the applicable policies of the Employer in connection with Employee's role as an officer or employee of the Employer.

Employee further agrees that this Agreement may be used as an affirmative defense and complete bar to any claim, lawsuit, charge, or any other type of action that Employee, or someone on his/her behalf (including but not limited to the Releasing Parties), may file. Moreover, Employee expressly waives Employee's right to recovery of any type, including damages, reinstatement or attorneys' fees, in any administrative or court action, whether federal, state, local or whether brought by Employee or on Employee's behalf, related to any of the matters actually released herein. Employee also waives and gives up any right to become, and promise not to consent to become, a member of any class or collective action in a case in which claims are asserted against any Released Party. If Employee is made a member of a class or collective action in any proceeding without the Employer's prior consent, Employee agrees to opt out of the class or collective action at the first opportunity.

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(1) NTD: To be modified to include relevant state laws based on location of Employee.
(2) NTD: To be included for Employees located in CA only.

(Please initial)
Employee ________________________________
Company Representative ________________________

F. Communications to Third Parties.

(1). Employee will not speak in a derogatory manner concerning the Employer, its directors, officers, agents or employees to any person who is not a party to this Agreement. In the event that an employer or prospective employer contacts the Employer for a job reference or referral concerning Employee, the Employer will instruct its employees, agents or representatives with responsibility for making such reference or referral to provide only Employee's dates of employment and position(s) held, consistent with the Employer's normal policy and practice.

(2). It will not be a violation of this Paragraph of this Agreement for the Employee or the Employer to provide truthful information, or actual or true copies of documents to the applicable state unemployment agency, or to other government agencies in connection with an investigation, or in response to a subpoena or other valid legal process.

G. Confidentiality. Employee agrees that Employee will not disclose the contents of this Agreement, including the amount of monetary payment, to anyone other than Employee's attorneys, financial advisers, or Employee's spouse or registered domestic partner, or pursuant to an appropriate order from a court or other entity with competent jurisdiction. Before disclosing the contents of this Agreement to any person described above, Employee will obtain the agreement of that person not to disclose the contents of the Agreement without prior written consent of the Employer or as required by court order, statute, law or regulation or as authorized in Paragraph II.F(2). The Employer, and its officers, directors, agents and management-level employees, will have the right to discuss Employee's employment and this Agreement among themselves.

In addition, Employee acknowledges that Employee has held positions of trust and confidence with the Employer, and that during the course of Employee's employment Employee has received or been exposed to material and other information concerning its customers or clients; its sales, marketing and financial information; its trade secrets and other information which is proprietary in nature, confidential to the Employer, and not generally available to the public or to the Employer's competitors, and which, if used or divulged against the Employer's best interests would irreparably damage its ability to compete in the marketplace ("Confidential Information"). Employee further agrees not to possess, use or disclose to any person or entity any Confidential Information without the prior, written consent of the Employer, or except as may be required by court order, statute, law or regulation, or as authorized in Paragraph II.F(2), above.

Notwithstanding the foregoing, Employee acknowledges that Employee has the right, without notice to or authorization from the Employer, to communicate and cooperate in good faith with any federal, state, or local governmental agency or commission ("Government Agency") for the purpose of (i) reporting a possible violation of any U.S. federal, state, or local law or regulation, (ii) participating in any investigation or proceeding that may be conducted or managed by any Government Agency, including by providing documents or other information, or (iii) filing a charge or complaint with a Government Agency.

H. Non-Solicitation. Employee agrees that during Employee's employment with Employer and for a period of six (6) months following the Termination Date, regardless of whether the employment ends voluntarily or involuntarily, Employee (on Employee's own behalf or that of any other person or entity) shall not directly or indirectly:

(1). recruit, attempt to recruit, solicit, knowingly induce or knowingly influence any person who is an employee of Employer, to discontinue, reduce, reject or otherwise change in any manner adverse

(Please initial)
Employee ____________________
Company Representative ____________________

to the interests of Employer the nature or extent of their employment relationship; provided that nothing herein shall prohibit Employee from placing advertisements for employment or making general solicitations not specifically targeting any such person (provided that this exception relating to advertisements for employment and general solicitations shall not permit Employee to actively participate in any recruiting process specifically targeting any person known to be an employee of Employer); or

(2). (i) solicit or attempt to solicit any customer of Employer with whom Employee had substantial contact while Employee was employed by Employer for purposes of providing products or services that are competitive with those provided by Employer; or (ii) knowingly induce any customer of Employer with whom Employee had substantial contact while Employee was employed by Employer to breach any written agreement or contract with the Employer; provided that neither (i) nor (ii) of this Paragraph II.H.(2) will restrict Employee's activities during the six (6) month period following the Termination Date with respect to any such customer that is no longer a customer of Employer on the Termination Date.

Notwithstanding anything in this Agreement or in any other agreement between Employee and Employer to the contrary, Employee's breach of the obligations set forth in this Paragraph II.H. shall not give rise to any right of Employer to exercise any right of offset against any amounts to which Employee may be, or may become, entitled under any applicable long-term incentive plan or short-term incentive plan.

I. Obligation to Cooperate and Assist. Employee agrees to cooperate in good faith with the Employer to assist it with any information or matter which is within Employee's knowledge as a result of Employee's employment with the Employer, including but not limited to making Employee reasonably available for interview by the Employer's attorneys, or providing truthful testimony without the necessity of a subpoena or compensation, in any pending or future legal matter in which the Employer is a party, provided, however, that it will not be a breach of this Agreement for Employee to request a subpoena if Employee's then-employer desires or requests it. In such instances, the Employer will pay all reasonable travel expenses associated with such cooperation, and will attempt to schedule such matters at the convenience of the Employee.

J. Entire Agreement; Modification. The parties agree that this Agreement and the Change in Control Severance Agreement together constitute the entire agreement between the parties with respect to the subject matter discussed herein. This Agreement overrides and replaces all prior negotiations and terms proposed or discussed, whether in writing or orally, about the subject matter of this Agreement, with the exception of any non-competition agreement, confidentiality agreement or other obligation which, by its terms or by operation of law, survives the termination of Employee's employment. In such event, the confidentiality and non-solicitation obligations of this Agreement will supplement, but not replace, such agreement or agreements. No modification of this Agreement will be valid unless it is in writing identified as an Amendment to the Agreement and is signed by Employee and an authorized executive of the Employer.

K. Governing Law and Venue. This Agreement is governed by and construed in accordance with the laws of the state of [ ].

L. Assignment of Rights. Employee agrees that the Employer may assign its rights and privileges under this Agreement without Employee's express consent and Employer's rights under this Agreement will automatically inure to the benefit of any successor of Employer.

(Please initial)
Employee ______________________________
Company Representative ______________________

M. Remedies for Breach.

(1) ADEA. In the event that the Releasing Parties bring and prevail in an action against the Released Parties based on an ADEA claim released in Paragraph II.E, the Released Parties will be entitled to offset any recovery by the amounts paid under this Agreement or the amount recovered by the Releasing Parties, whichever is less. In the event that the Released Parties prevail in such an action, the Released Parties will be entitled to all remedies authorized by applicable law.

(2) All Other Claims. In the event that the Releasing Parties bring an action against the Released Parties based on any other claim released in Paragraph II.E, the Released Parties may, at their option, and as applicable: (a) stop making payments that would otherwise have been due under this Agreement; (b) demand the return of any payments that have been made under this Agreement; (c) plead this Agreement in bar to any such action; or (d) seek any and all remedies available, including but not limited to injunctive relief and monetary damages, costs and reasonable attorneys' fees.

(3) Breach by the Employer. In the event that the Released Parties breach this Agreement, the Releasing Parties will be entitled to bring an action for breach of this Agreement but not for any claims released by Paragraph II.E. In the event that the Releasing Parties prevail in such an action, they will be entitled to recover (as appropriate and applicable) monetary damages, injunctive relief, costs and reasonable attorneys' fees.

N. Severability. Each provision of this Agreement is intended to be severable. If any court of competent jurisdiction determines that any provision of this Agreement is invalid, illegal or unenforceable in any respect, the rest of the Agreement will remain in force.

EMPLOYEE ACKNOWLEDGES THAT EMPLOYEE HAS CAREFULLY READ THIS RELEASE AGREEMENT, AND KNOWS AND UNDERSTANDS ITS CONTENTS, AND VOLUNTARILY SIGNS IT OF EMPLOYEE'S OWN FREE WILL.

(Please initial)
Employee ______________________________
Company Representative ______________________

IN WITNESS WHEREOF, the parties sign this Agreement on the dates indicated below with the intent to be bound by its terms and conditions.

DATED: ______________________ SIGNED: ______________________
EMPLOYEE

STATE OF)
) ss.
COUNTY OF)

SUBSCRIBED AND SWORN to before me this day of , 2018, by , who executed the foregoing Release and acknowledged that such execution was made freely.

Witness my hand and official seal.

____
Notary Public

My commission expires:

KAPSTONE PAPER AND PACKAGING CORPORATION

DATED: ______________________ By: ______________________
[ ]

(Please initial)
Employee ______________________
Company Representative ______________________

Exhibit 10.27

CHANGE IN CONTROL SEVERANCE AGREEMENT

THIS AGREEMENT, effective [ ], 2018, is made by and between KapStone Paper and Packaging Corporation, a Delaware corporation, and [ ] (the "**Employee**").

WHEREAS, the Company entered into the Agreement and Plan of Merger, dated January 28, 2018, among KapStone Paper and Packaging Corporation, WestRock Company, Whiskey Holdco, Inc., Whiskey Merger Sub, Inc. and Kola Merger Sub, Inc. (the "**Merger Agreement**"), which provided for certain mergers (the "**Mergers**") that, if consummated, will result in the Company becoming a wholly-owned subsidiary of Whiskey Holdco, Inc.;

WHEREAS, the Company considers it essential to the best interests of its stockholders to foster the continued employment of key personnel; and

WHEREAS, the Company recognizes that, both before and after the closing of the Mergers (such closing, the "**Change in Control**"), uncertainty and questions regarding the Change in Control may result in the departure or distraction of key personnel to the detriment of the Company and its stockholders; and

WHEREAS, the Company has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of the Company's key personnel, including the Employee, to their assigned duties without distraction in the face of uncertainty arising from the potential Change in Control;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Company and the Employee hereby agree as follows:

1. Defined Terms. The definitions of capitalized terms used in this Change in Control Severance Agreement ("**Agreement**") are provided in Section 14.

2. Severance Payments. If within one year following the Change in Control, the Employee's employment is terminated by the Company or any of its Affiliates without Cause or by the Employee for Good Reason, then the Company will pay the Employee the amounts, and provide the Employee the benefits, described in subsection 2.1 and subsection 2.2 of this Section 2 ("**Severance Payments**"), provided that Employee complies with the requirements of Section 5 regarding execution and delivery of a general release. The payments described in this Section 2 are in addition to the Accrued Benefits (which, for the avoidance of doubt, will be provided to the Employee upon any termination of employment and without regard to whether the Employee executes a release).

2.1 The Company will pay to the Employee a lump sum cash severance payment equal to $[ ]. Subject to the provisions of Section 13, the payment provided for in this subsection 2.1 will be made on or before the second regularly scheduled payroll date following the effective date of the release described in Section 5 and in any event no later than March 15 of the year following the year in which the termination of employment occurs.

2.2 For the number of months immediately following the Date of Termination (not to exceed 12 months) determined by dividing (i) the lump sum cash change in control severance payment payable to the Employee under subsection 2.1 of this Agreement by (ii) the Employee's average monthly base salary in effect as of the Date of Termination (such quotient to be rounded down to the nearest whole number), the Company will provide the Employee and the Employee's eligible dependents with health insurance benefits substantially similar to those provided to active employees of the Company immediately prior to the Date of Termination; provided, however, that (x) the Employee's and the Employee's qualified dependents' COBRA eligibility period will include the period during which the Company is providing benefits under this subsection 2.2, (y) the Employee will be responsible for the payment of premiums for such benefits in the same amount as active employees of the Company and (z) such benefits will cease if and to the extent the Employee becomes eligible for similar benefits by reason of new employment.

3. Section 280G.

3.1 Notwithstanding any other provisions of this Agreement, in the event that any payment or benefit received or to be received by the Employee (including any payment or benefit received in connection with the Change in Control or the termination of the Employee's employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, including the Severance Payments, referred to as the "**Total Payments**") would be subject (in whole or part) to any excise tax imposed under section 4999 of the Code (an "**Excise Tax**"), then, after taking into account any reduction in the Total Payments provided by reason of section 280G of the Code in such other plan, arrangement or agreement, the Total Payments will be reduced to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax, but only if (A) the net amount of the Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (B) the net amount of the Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on the Total Payments and the amount of Excise Tax to which the Employee would be subject with respect to such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments). Such reduction shall be achieved by first reducing or eliminating the portion of the Total Payments that are payable in cash and then reducing or eliminating the non-cash portion of the Total Payments, in each case in reverse order beginning with payments and benefits which are to be paid or provided the furthest in time from the date of the determination described in subsection 3.2 below.

3.2 For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, the following portions of the Total Payments will not be taken into account: (i) the portion that the Employee waives at the time and in the manner as not to constitute a "payment" within the meaning of section 280G(b) of the Code and (ii) the portion that the Employee and WestRock Company agree (or, if Employee and WestRock Company do not agree, that, in the opinion of tax counsel

reasonably acceptable to the Employee and WestRock Company ("**Tax Counsel**") and selected by Deloitte (the "**Accounting Firm**")) does not constitute a "parachute payment" within the meaning of section 280G(b)(2) of the Code (including by reason of section 280G(b)(4)(A) of the Code). In calculating the Excise Tax, no portion of the Total Payments will be taken into account that the Employee and WestRock Company agree (or, in the event that the Employee and WestRock Company do not agree, that, in the opinion of Tax Counsel) constitutes reasonable compensation for services actually rendered, within the meaning of section 280G(b)(4)(B) of the Code, in excess of the Base Amount allocable to such reasonable compensation. The value of any non-cash benefit or any deferred payment or benefit included in the Total Payments will be determined by the Accounting Firm in accordance with the principles of sections 280G(d)(3) and (4) of the Code.

3.3 At the time that payments are made under this Agreement, the Company will provide the Employee with a written statement setting forth the manner in which the payments were calculated and the basis for the calculations, including without limitation any opinions or other advice the Company has received from Tax Counsel, the Accounting Firm or other advisors or consultants (and any such opinions or advice that are in writing will be attached to the statement). If the Employee objects in writing to the Company's calculations, the Company and Employee will cooperate in good faith to resolve such objection, and if applicable, the Company will pay to the Employee the portion of the Severance Payments (up to 100%) as the Company and Employee reasonably determine is necessary to result in the proper application of subsection 3.1 of this Section 3.

4. Termination Procedures.

4.1 Notice of Termination. Within one year following the Change in Control, any purported termination of the Employee's employment without Cause or for Good Reason will be communicated by written Notice of Termination from the Employee to the Company or the Company to the Employee, as applicable, in accordance with Section 8. For purposes of this Agreement, a "**Notice of Termination**" means a notice that indicates whether the termination of the Employee's employment is without Cause or for Good Reason and sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Employee's employment. In addition, if the Employee purports that the Employee has Good Reason to terminate employment, the Employee must also deliver Notice of Termination in accordance with the requirements set forth in Section 14(H).

4.2 Date of Termination. "**Date of Termination**," with respect to any purported termination of the Employee's employment within one year following a Change in Control means the date specified in the Notice of Termination. In the case of a termination by the Employee for Good Reason, the Date of Termination may not be earlier than the end of the cure period described in the definition of "Good Reason" or later than 60 days from the date that Notice of Termination is given.

5. Requirement of Release. Notwithstanding anything in this Agreement to the contrary, the Employee will not be entitled to the Severance Payments unless, within 45 days after the Date of Termination, the Employee signs and returns a release of claims and restrictive

covenant agreement ("Release") in the form attached to this Agreement as Exhibit A (and does not subsequently revoke the Release in accordance with its terms). If the Release does not become effective and non-revocable in accordance with the terms of the foregoing sentence, the Company's obligations to provide Severance Payments will cease immediately.

6. No Mitigation. The Company agrees that the Employee is not required to seek other employment or to attempt in any way to reduce the Severance Payments. No payment or benefit provided for in this Agreement will be reduced by any compensation earned by the Employee as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Employee to the Company, or otherwise.

7. Successors; Binding Agreement.

7.1 In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

7.2 This Agreement will inure to the benefit of and be enforceable by the Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Employee dies while any amount would still be payable to the Employee under this Agreement (other than amounts that, by their terms, terminate upon the death of the Employee) if the Employee had continued to live, all such amounts, unless otherwise provided in this Agreement, will be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Employee's estate.

7.3 No Severance Payments will be payable under this Agreement unless there has been a termination of the Employee's employment with the Company within one year following a Change in Control. This Agreement will be null and void and of no effect if the Change in Control does not occur.

8. Notices. For the purpose of this Agreement, notices and all other communications provided for in the Agreement must be in writing and will be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed, if to the Employee, to the most recent address shown in the personnel records of the Company and, if to the Company, to the address set forth below, or to such other address as either party may have furnished to the other in writing in accordance with this Section 8, except that notice of change of address is effective only upon actual receipt:

To the Company:

KapStone Paper and Packaging Corporation
1101 Skokie Boulevard
Suite 300
Northbrook, Illinois 60062

Attn: General Counsel

9. Miscellaneous; Amendment of Related Agreements. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Employee and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of compliance with, any condition or provision of this Agreement to be performed by such other party will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof that have been made by either party; provided, however, that this Agreement will supersede any agreement setting forth the terms and conditions of the Employee's employment with the Company only in the event that, following a Change in Control, the Employee's employment with the Company is terminated by the Company other than for Cause or by the Employee for Good Reason. The validity, interpretation, construction and performance of this Agreement will be governed by the laws of the State of Illinois. All references to sections of the Code will be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder will be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which the Employee has agreed. The obligations of the Company and the Employee under this Agreement that by their nature may require either partial or total performance after the expiration of the Term (including, without limitation, those under Section 2) will survive such expiration.

10. Validity. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision of this Agreement, which will remain in full force and effect.

11. Counterparts. This Agreement may be executed in several counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

12. Settlement of Disputes; Arbitration.

12.1 All claims by the Employee for benefits under this Agreement will be directed to and determined by the Company and will be in writing. Any denial by the Company of a claim for benefits under this Agreement will be delivered to the Employee in writing and will set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Company will afford a reasonable opportunity to the Employee for a review of the decision denying a claim and will further allow the Employee to appeal to the Board (or its designee) a decision of the Company within 60 days after notification by the Company that the Employee's claim has been denied. Notwithstanding the above, in the event of any dispute, any decision by the Company hereunder will be subject to a de novo review by the arbitrator.

12.2 Any further dispute or controversy arising under or in connection with this Agreement will be settled exclusively by binding and non-appealable arbitration in the State of Illinois in accordance with the rules of the American Arbitration Association then

in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

13. Section 409A. This Agreement is intended to comply with the requirements of section 409A of Code, and will be interpreted and construed consistently with such intent. All references in this Agreement to the Employee's termination of employment refer to the Employee's separation from service within the meaning of section 409A of the Code. Payments provided pursuant to Section 2 of this Agreement are intended to be exempt from section 409A of the Code to the maximum extent possible, under either the separation pay exemption pursuant to Treasury regulation §1.409A-1(b)(9)(iii) or as short-term deferrals pursuant to Treasury regulation §1.409A-1(b)(4). Each payment and benefit provided under this Agreement will constitute a "separately identified" amount within the meaning of Treasury regulation §1.409A-2(b)(2). Any payment that is deferred compensation subject to section 409A of the Code, conditioned upon the Employee's execution of a release, and to be paid during a designated period that begins in one taxable year and ends in a second taxable year will be paid in the second taxable year. In the event the terms of this Agreement would subject the Employee to taxes or penalties under section 409A of the Code ("**409A Penalties**"), the Company and the Employee will cooperate diligently to amend the terms of the Agreement to avoid such 409A Penalties, to the extent possible; provided that in no event will the Company be responsible for any 409A Penalties that arise in connection with any amounts payable under this Agreement. Notwithstanding any other provision in this Agreement, if the Employee is a "specified employee," as defined in section 409A of the Code, as of the date of termination, then to the extent any amount payable under this Agreement (i) constitutes the payment of nonqualified deferred compensation, within the meaning of section 409A of the Code, (ii) is payable upon the Employee's separation from service, within the meaning of section 409A of the Code, and (iii) would be payable prior to the six-month anniversary of the Employee's separation from service, payment of such amount will be delayed until the earlier to occur of (a) the six-month anniversary of the date of such separation from service or (b) the date of the Employee's death. Any amount of expenses eligible for reimbursement, or in-kind benefit provided, during a calendar year will not affect the amount of expenses eligible for reimbursement, or in-kind benefit to be provided, during any other calendar year. Any reimbursement will be made no later than the last day of the calendar year following the calendar year in which the expenses to be reimbursed were incurred. The right to any reimbursement or in-kind benefit pursuant to this Agreement will not be subject to liquidation or exchange for any other benefit.

14. Definitions. For purposes of this Agreement, the following terms will have the meanings indicated below;

(A) "**Accrued Benefits**" means (i) earned but unpaid salary, (ii) accrued but unused vacation pay, (iii) any employee benefits to which the Employee is entitled under any employee benefit or compensation plan maintained by the Company or its Affiliates (other than any severance plan), and (iv) reimbursement for any incurred, but unreimbursed business expenses.

(B) "**Affiliate**" means, with respect to any entity, any other entity that, at the time of determination, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the first-referenced entity.

(C) “**Base Amount**” has the meaning set forth in section 280G(b)(3) of the Code.

(D) “**Board**” means the Board of Directors of the Company.

(E) “**Cause**” means the occurrence of any of the following with respect to the Employee: (i) conviction by a court of competent jurisdiction of a felony (other than a traffic violation); (ii) refusal or failure to perform duties where such failure or refusal is materially detrimental to the business or reputation of any member of the Holdco Group (as defined below), except during periods of physical or mental incapacity, and unless remedied within thirty days after receipt of written notice thereof by the applicable member of the Holdco Group; and (iii) willful misconduct or gross negligence with respect to the individual’s duties that is materially detrimental to the business or reputation of any member of the Holdco Group, unless remedied (if capable of being remedied) within thirty days after receipt of written notice thereof by the applicable member of the Holdco Group.

(F) “**Code**” means the Internal Revenue Code of 1986, as amended.

(G) “**Company**” means KapStone Paper and Packaging Corporation and any successor to its business and/or assets (including, for purposes of this Agreement, Whiskey Holdco, Inc.) that assumes and agrees to perform this Agreement by operation of law, or otherwise.

(H) “**Good Reason**” means the occurrence of any of the following with respect to the Employee: (i) material diminution of authority, duties or responsibilities (or authorities, duties or responsibilities of the supervisor to whom the Employee reports (which, for the avoidance of doubt, with respect to the Company’s Chief Financial Officer and General Counsel includes the failure of such person to be appointed to the same role with the ultimate Company Parent following a Change in Control)); (ii) diminution in base salary or incentive compensation opportunities; (iii) the relocation of the Employee’s principal place of employment by more than 50 miles (unless the new place of employment is closer to the individual’s primary residence); and (iv) the material breach of any agreement between the Company or any of its Affiliates and the Employee. Notwithstanding the foregoing, Good Reason will not exist unless (A) the Employee gives Notice of Termination to the Company or its applicable Affiliate of the Employee’s termination of employment within 30 days after the occurrence of the circumstances constituting Good Reason, and the Company or its applicable Affiliate has failed within 30 days after receipt of such notice (the “Cure Period”) to cure the circumstances constituting Good Reason, and (B) the Employee’s “separation from service” (within the meaning of section 409A of the Code) occurs no later than the day that is 30 days following the last day of the Cure Period (assuming no cure has occurred).

(I) “**Holdco Group**” means, collectively, (i) the Company, (ii) any of the Company’s current or future direct or indirect subsidiaries or parents (a

"**Company Parent**") and (iii) any other direct or indirect subsidiary of any Company Parent, including, for the avoidance of doubt, WestRock Company and its direct or indirect subsidiaries, including, in each case, any successor to any such entity.

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

KAPSTONE PAPER AND PACKAGING CORPORATION

By: ______________________________

Name: Matthew Kaplan
Its: Chief Executive Officer

[EMPLOYEE]

____

Signature Page to Change in Control Severance Agreement

EXHIBIT A

FORM OF RELEASE AGREEMENT

[*to be attached*]

RELEASE AGREEMENT

This RELEASE AGREEMENT ("Agreement") is entered into by and between KapStone Paper and Packaging Corporation (together with its affiliates, including WestRock Company and its subsidiaries, the "Employer") and NAME ("Employee"). In consideration of the mutual covenants, conditions and promises set forth in this Agreement, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the undersigned parties agree as follows:

I. Definitions

For purposes of this Agreement, the following Definitions will apply:

A. Administrative Proceeding. An "Administrative Proceeding" includes any charge or complaint or other action instituted with a federal, state, or local governmental agency other than the U.S. Equal Employment Opportunity Commission ("EEOC").

B. Change in Control Severance Agreement. The "Change in Control Severance Agreement" is the agreement to which this Agreement is attached.

C. Effective Date. The "Effective Date" of this Agreement is the eighth (8th) day after Employee's execution of this Agreement, as set forth in Paragraph II.D(4) below, provided that Employee does not exercise Employee's right to revoke as set forth in that paragraph.

D. Released Parties. The "Released Parties" are the Employer and its present or former officers, directors, employees, agents, affiliated companies, subsidiaries, shareholders, partners, attorneys, predecessors, successors and assigns.

E. Releasing Parties. The "Releasing Parties" are the Employee and Employee's attorneys, heirs, executors, administrators, representatives, agents, successors, and assigns.

F. Severance Payments. The "Severance Payments" are the payments payable under Section 2 of the Change in Control Severance Agreement.

G. Termination Date. The "Termination Date" will be DOT.

II. Terms

A. Timeframe and Method of Accepting the Agreement. Employee agrees and understands that, to be effective, Employee must return this Agreement within forty-five (45) days after the Termination Date. Employer may reject Employee's signed Agreement if it is not post-marked and deposited in the U.S. Mail on or before the forth-fifth (45th) day following the Termination Date, addressed to the following address: [ ]. Following the Effective Date, upon receipt of Employee's signed Agreement, and provided that Employee complied with the requirements set forth in this Agreement, Employer will mail Employee a copy of the fully executed agreement and process the Severance Payments described in the Change in Control Severance Agreement.

B. Return of Employer Property. If Employee has not already done so, Employee will return and give to the Employer as soon as possible, but no later than seven (7) days after the Termination Date, all keys, access cards, electronics, storage media, machinery and confidential or proprietary documents related to Employer business or customer information and which are in Employee's possession, or under Employee's direction or control. Except as permitted in Paragraph II.F(2), below, Employee also agrees

that Employee will not retain or convey to any other person or entity any copies or originals of Employer property.

Employee also agrees to immediately cease the use of all Employer-issued credit cards and to make payment of any and all outstanding balances in accordance with cardholder agreements and the time limitations contained therein. No later than fourteen (14) days after the Termination Date, Employee will submit to Employer all expense statements and receipts related to any Employer-authorized expenses, and, if charged to Employer credit cards, to use any reimbursement payments for the purpose of paying such charges.

C. Severance Payments. In consideration for Employee's execution of this Agreement, and Employee's release of all claims as set forth below, the Employer will provide to Employee the Severance Payments as set forth in the Change in Control Severance Agreement. The Severance Payments are contingent upon Employee's execution of this Agreement, Employee's not exercising Employee's right to revoke, and Employee's compliance with all of the terms of this Agreement.

D. Acknowledgements. Employee acknowledges that Employee has read and understands this Agreement, and Employee specifically acknowledges the following:

(1) That Employee is hereby advised by the Employer to consult with an attorney, and has had the opportunity to consult with an attorney, before signing this Agreement; and

(2) That Employee has forty-five (45) days to decide whether to sign this Agreement; and

(3) That Employee is waiving, among other claims, age discrimination claims under the Age Discrimination in Employment Act ("ADEA"), 29 U.S.C. §621, *et seq*., and all amendments thereto; and

(4) That if Employee signs this Agreement, Employee has seven (7) days in which to revoke Employee's signature, and that this Agreement will not become effective or enforceable until after the Effective Date (in other words, the revocation period must have expired, and Employee must not have exercised Employee's right to revoke). Specifically, Employee understands that Employee will not receive the Severance Payments until after the Effective Date. To revoke this Agreement, Employee must send a written notice via U.S. Mail to [ ], and that written notice of revocation must be post-marked and deposited in the U.S. Mail on or before the seventh (7th) day after Employee's signing of this Agreement; and

(5) That, by signing this Agreement, Employee is not waiving or releasing any claims based on actions or omissions that occur after the date of Employee's signing of this Agreement.

E. Release. Except as set forth herein, Employee agrees and understands that this is a complete and general release. In exchange for the Severance Payments as set forth in the Change in Control Severance Agreement, the Releasing Parties unconditionally release, acquit, covenant not to sue and forever discharge the Released Parties from any and all claims, actions, complaints, grievances and causes of action (hereinafter collectively referred to as "claims"), whether known or unknown, which Employee may have arising out of or in connection with Employee's employment or termination of Employee's employment, through the date on which Employee signs this Agreement.

This release includes, but is not limited to, the following claims: Title VII of the Civil Rights Act of 1964; the Americans with Disabilities Act; the Employee Retirement Income Security Act (except such rights as may be vested under any retirement plan sponsored by the Employer); the Lilly Ledbetter Fair Pay Act; the Family Medical Leave Act; the Fair Labor Standards Act; the Age Discrimination in Employment Act ("ADEA"); the Uniformed Services Employment and Reemployment Rights Act; [ ](1); any claims for wrongful discharge, discrimination, retaliation, harassment, breach of contract, intentional or negligent infliction of emotional distress, defamation, or interference with contract; any claims for failure to pay wages, vacation pay, personal pay, sick pay, separation pay, or benefits; any claims for continued employment; any claims for liquidated damages and/or punitive damages; and any other cause of action based on the common law or federal, state, or other governmental statute, law, regulation or ordinance. [Accordingly, Employee further waives any rights under Section 1542 of the Civil Code of the State of California or any similar statute. Section 1542 states:

"**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH, IF KNOWN TO HIM OR HER, MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR**."](2)

Employee further represents and agrees that Employee has not and will not, nor has had anyone on Employee's behalf (including but not limited to the Releasing Parties), filed a lawsuit or instituted any other legal or Administrative Proceeding (as defined in Paragraph I.E above) as to any matter based upon, arising out of, or related to Employee's employment, compensation during employment, or termination of Employee's employment. Nothing in this Agreement shall be construed to prevent Employee from filing or participating in a charge of discrimination filed with the Equal Employment Opportunity Commission ("EEOC"). If Employee files a charge with the EEOC that would otherwise have been released by this Paragraph, Employee may be limited to non-monetary relief.

Employee and the Employer understand that this release does not apply to, without duplication, (i) Employee's accrued rights (other than accrued rights to cash severance payments) under any employee benefit plan, program, policy, agreement or arrangement (including under the 2018 Management Incentive Plan or similar short-term incentive arrangement or any Success Bonus letter agreement); (ii) Employee's rights to any accrued but unpaid base salary or accrued but unused vacation; and (iii) Employee's rights to indemnification pursuant to the applicable policies of the Employer in connection with Employee's role as an officer or employee of the Employer.

Employee further agrees that this Agreement may be used as an affirmative defense and complete bar to any claim, lawsuit, charge, or any other type of action that Employee, or someone on his/her behalf (including but not limited to the Releasing Parties), may file. Moreover, Employee expressly waives Employee's right to recovery of any type, including damages, reinstatement or attorneys' fees, in any administrative or court action, whether federal, state, local or whether brought by Employee or on

(1) NTD: To be modified to include relevant state laws based on location of Employee.
(2) NTD: To be included for Employees located in CA only.

Employee's behalf, related to any of the matters actually released herein. Employee also waives and gives up any right to become, and promise not to consent to become, a member of any class or collective action in a case in which claims are asserted against any Released Party. If Employee is made a member of a class or collective action in any proceeding without the Employer's prior consent, Employee agrees to opt out of the class or collective action at the first opportunity.

F. Communications to Third Parties.

(1). Employee will not speak in a derogatory manner concerning the Employer, its directors, officers, agents or employees to any person who is not a party to this Agreement. In the event that an employer or prospective employer contacts the Employer for a job reference or referral concerning Employee, the Employer will instruct its employees, agents or representatives with responsibility for making such reference or referral to provide only Employee's dates of employment and position(s) held, consistent with the Employer's normal policy and practice.

(2). It will not be a violation of this Paragraph of this Agreement for the Employee or the Employer to provide truthful information, or actual or true copies of documents to the applicable state unemployment agency, or to other government agencies in connection with an investigation, or in response to a subpoena or other valid legal process.

G. Confidentiality. Employee agrees that Employee will not disclose the contents of this Agreement, including the amount of monetary payment, to anyone other than Employee's attorneys, financial advisers, or Employee's spouse or registered domestic partner, or pursuant to an appropriate order from a court or other entity with competent jurisdiction. Before disclosing the contents of this Agreement to any person described above, Employee will obtain the agreement of that person not to disclose the contents of the Agreement without prior written consent of the Employer or as required by court order, statute, law or regulation or as authorized in Paragraph II.F(2). The Employer, and its officers, directors, agents and management-level employees, will have the right to discuss Employee's employment and this Agreement among themselves.

In addition, Employee acknowledges that Employee has held positions of trust and confidence with the Employer, and that during the course of Employee's employment Employee has received or been exposed to material and other information concerning its customers or clients; its sales, marketing and financial information; its trade secrets and other information which is proprietary in nature, confidential to the Employer, and not generally available to the public or to the Employer's competitors, and which, if used or divulged against the Employer's best interests would irreparably damage its ability to compete in the marketplace ("Confidential Information"). Employee further agrees not to possess, use or disclose to any person or entity any Confidential Information without the prior, written consent of the Employer, or except as may be required by court order, statute, law or regulation, or as authorized in Paragraph II.F(2), above.

Notwithstanding the foregoing, Employee acknowledges that Employee has the right, without notice to or authorization from the Employer, to communicate and cooperate in good faith with any federal, state, or local governmental agency or commission ("Government Agency") for the purpose of (i) reporting a possible violation of any U.S. federal, state, or local law or regulation, (ii) participating in any investigation or proceeding that may be conducted or managed by any Government Agency, including by providing documents or other information, or (iii) filing a charge or complaint with a Government Agency.

H. Non-Solicitation. Employee agrees that during Employee's employment with Employer and for a period of six (6) months following the Termination Date, regardless of whether the employment

ends voluntarily or involuntarily, Employee (on Employee's own behalf or that of any other person or entity) shall not directly or indirectly:

(1). recruit, attempt to recruit, solicit, knowingly induce or knowingly influence any person who is an employee of Employer, to discontinue, reduce, reject or otherwise change in any manner adverse to the interests of Employer the nature or extent of their employment relationship; provided that nothing herein shall prohibit Employee from placing advertisements for employment or making general solicitations not specifically targeting any such person (provided that this exception relating to advertisements for employment and general solicitations shall not permit Employee to actively participate in any recruiting process specifically targeting any person known to be an employee of Employer); or

(2). (i) solicit or attempt to solicit any customer of Employer with whom Employee had substantial contact while Employee was employed by Employer for purposes of providing products or services that are competitive with those provided by Employer; or (ii) knowingly induce any customer of Employer with whom Employee had substantial contact while Employee was employed by Employer to breach any written agreement or contract with the Employer; provided that neither (i) nor (ii) of this Paragraph II.H.(2) will restrict Employee's activities during the six (6) month period following the Termination Date with respect to any such customer that is no longer a customer of Employer on the Termination Date.

Notwithstanding anything in this Agreement or in any other agreement between Employee and Employer to the contrary, Employee's breach of the obligations set forth in this Paragraph II.H. shall not give rise to any right of Employer to exercise any right of offset against any amounts to which Employee may be, or may become, entitled under any applicable long-term incentive plan or short-term incentive plan.

I. Obligation to Cooperate and Assist. Employee agrees to cooperate in good faith with the Employer to assist it with any information or matter which is within Employee's knowledge as a result of Employee's employment with the Employer, including but not limited to making Employee reasonably available for interview by the Employer's attorneys, or providing truthful testimony without the necessity of a subpoena or compensation, in any pending or future legal matter in which the Employer is a party, provided, however, that it will not be a breach of this Agreement for Employee to request a subpoena if Employee's then-employer desires or requests it. In such instances, the Employer will pay all reasonable travel expenses associated with such cooperation, and will attempt to schedule such matters at the convenience of the Employee.

J. Entire Agreement; Modification. The parties agree that this Agreement and the Change in Control Severance Agreement together constitute the entire agreement between the parties with respect to the subject matter discussed herein. This Agreement overrides and replaces all prior negotiations and terms proposed or discussed, whether in writing or orally, about the subject matter of this Agreement, with the exception of any non-competition agreement, confidentiality agreement or other obligation which, by its terms or by operation of law, survives the termination of Employee's employment. In such event, the confidentiality and non-solicitation obligations of this Agreement will supplement, but not replace, such agreement or agreements. No modification of this Agreement will be valid unless it is in writing identified as an Amendment to the Agreement and is signed by Employee and an authorized executive of the Employer.

K. Governing Law and Venue. This Agreement is governed by and construed in accordance with the laws of the state of [ ].

L. Assignment of Rights. Employee agrees that the Employer may assign its rights and privileges under this Agreement without Employee's express consent and Employer's rights under this Agreement will automatically inure to the benefit of any successor of Employer.

M. Remedies for Breach.

(1) ADEA. In the event that the Releasing Parties bring and prevail in an action against the Released Parties based on an ADEA claim released in Paragraph II.E, the Released Parties will be entitled to offset any recovery by the amounts paid under this Agreement or the amount recovered by the Releasing Parties, whichever is less. In the event that the Released Parties prevail in such an action, the Released Parties will be entitled to all remedies authorized by applicable law.

(2) All Other Claims. In the event that the Releasing Parties bring an action against the Released Parties based on any other claim released in Paragraph II.E, the Released Parties may, at their option, and as applicable: (a) stop making payments that would otherwise have been due under this Agreement; (b) demand the return of any payments that have been made under this Agreement; (c) plead this Agreement in bar to any such action; or (d) seek any and all remedies available, including but not limited to injunctive relief and monetary damages, costs and reasonable attorneys' fees.

(3) Breach by the Employer. In the event that the Released Parties breach this Agreement, the Releasing Parties will be entitled to bring an action for breach of this Agreement but not for any claims released by Paragraph II.E. In the event that the Releasing Parties prevail in such an action, they will be entitled to recover (as appropriate and applicable) monetary damages, injunctive relief, costs and reasonable attorneys' fees.

N. Severability. Each provision of this Agreement is intended to be severable. If any court of competent jurisdiction determines that any provision of this Agreement is invalid, illegal or unenforceable in any respect, the rest of the Agreement will remain in force.

EMPLOYEE ACKNOWLEDGES THAT EMPLOYEE HAS CAREFULLY READ THIS RELEASE AGREEMENT, AND KNOWS AND UNDERSTANDS ITS CONTENTS, AND VOLUNTARILY SIGNS IT OF EMPLOYEE'S OWN FREE WILL.

IN WITNESS WHEREOF, the parties sign this Agreement on the dates indicated below with the intent to be bound by its terms and conditions.

DATED: ______________________ SIGNED: ______________________
EMPLOYEE

STATE OF)
) ss.
COUNTY OF)

SUBSCRIBED AND SWORN to before me this day of , 2018, by , who executed the foregoing Release and acknowledged that such execution was made freely.

Witness my hand and official seal.

____
Notary Public

My commission expires:

KAPSTONE PAPER AND PACKAGING CORPORATION

DATED: ______________________ By: ______________________
[ ]

Exhibit 10.28

April 16, 2018

KapStone Receivables, LLC
1101 Skokie Blvd, Suite 300
Northbrook, IL 60062

Re: Specified Victory Receivables

Ladies and Gentlemen:

Reference is hereby made to the Receivables Purchase Agreement dated as of September 26, 2014 (as amended or otherwise modified from time to time prior to the date hereof, the **"**Purchase Agreement**"**), by and among:

(a) KapStone Receivables, LLC, a Delaware limited liability company (the **"**Seller**"**),

(b) KapStone Paper and Packaging Corporation, a Delaware corporation (the "Servicer"),

(c) the Purchasers from time to time party thereto including Wells Fargo Bank, N.A., PNC Bank, National Association, Sumitomo Mitsui Banking Corporation, New York Branch, and Coöperatieve Rabobank, U.A., New York Branch, and

(d) Wells Fargo Bank, N.A., in its capacity as administrative agent for the Purchasers (in such capacity, together with its successors and assigns in such capacity, the **"**Administrative Agent**"**).

Capitalized terms used and not otherwise defined herein are used with the meanings attributed thereto in the Purchase Agreement.

1. Specified Victory Receivables. Victory Packaging, L.P. ("Victory") has directed (and may in the future direct) Obligors on certain accounts receivable originated by Victory to make payments thereon to Victory's credit card processing account at BBVA Compass Bank (which such account is not a Collection Account). Such accounts receivable are referred to herein as the "Specified Victory Receivables". The parties to the Purchase Agreement and the Sale Agreement did not intend for the Specified Victory Receivables to be "Receivables" for purposes of the Transaction Documents but instead "Excluded Receivables". Accordingly, each of the undersigned confirms that the Specified Victory Receivables are (and have at all times been) "Excluded Receivables" for purposes of the Purchase Agreement, the Sale Agreement and each of the other Transaction Documents. Each of the Seller and the Servicer confirms that the Specified Victory Receivables have not at any time been included as Eligible Receivables for purposes of the calculation of the Net Pool Balance.

2. Miscellaneous.

(a) This letter shall be governed by, and construed in accordance with, the internal laws, and not the conflict of laws principles, of the State of New York.

(b) This letter may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

<Signature pages follow>

Sincerely,

WELLS FARGO BANK, N.A., as a Purchaser and as Administrative Agent

By: /s/Michael J. Landry
Name: Michael J. Landry
Title: Vice President

PNC BANK, NATIONAL ASSOCIATION, as a Purchaser

By: /s/Michael Brown
Name: Michael Brown
Title: Senior Vice President

SUMITOMO MITSUI BANKING CORPORATION, NEW YORK BRANCH, as a Purchaser

By: /s/James D. Weinstein
Name: James D. Weinstein
Title: Managing Director

COÖPERATIEVE RABOBANK, U.A., NEW YORK BRANCH,
as a Purchaser

By: /s/ Christopher Lew
Name: Christopher Lew
Title: Executive Director

By: /s/ Thomas McNamara
Name: Thomas McNamara
Title: Executive Director

Agreed to and accepted as of the date first above written:

KAPSTONE RECEIVABLES, LLC, as the Seller

By: /s/ Andrea K. Tarbox
Name: Andrea K. Tarbox
Title: Treasurer

KAPSTONE KRAFT PAPER CORPORATION, as an Originator

By: /s/ Andrea K. Tarbox
Name: Andrea K. Tarbox
Title: Chief Financial Officer

KAPSTONE CONTAINER CORPORATION, as an Originator

By: /s/ Andrea K. Tarbox
Name: Andrea K. Tarbox
Title: Chief Financial Officer

LONGVIEW FIBRE PAPER AND PACKAGING, INC., as an Originator

By: /s/ Andrea K. Tarbox
Name: Andrea K. Tarbox
Title: Chief Financial Officer

KAPSTONE CHARLESTON KRAFT LLC, as an Originator

By: /s/ Andrea K. Tarbox
Name: Andrea K. Tarbox
Title: Chief Financial Officer

VICTORY PACKAGING, L.P.,
as an Originator

By: /s/ Andrea K. Tarbox
Name: Andrea K. Tarbox
Title: Vice President

KAPSTONE PAPER AND PACKAGING CORPORATION, as Servicer

By: /s/ Andrea K. Tarbox
Name: Andrea K. Tarbox
Title: Chief Financial Officer

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Matthew Kaplan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of KapStone Paper and Packaging Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 18, 2018

/s/ Matthew Kaplan

Name: Matthew Kaplan
Title: President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Andrea K. Tarbox, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of KapStone Paper and Packaging Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in ExchangeAct Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 18, 2018

/s/ Andrea K. Tarbox

Name: Andrea K. Tarbox

Title: Executive Vice President and Chief Financial Officer

Exhibit 32.1

Certification of CEO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of KapStone Paper and Packaging Corporation for the quarter ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Matthew Kaplan, President and Chief Executive Officer of KapStone Paper and Packaging Corporation, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of KapStone Paper and Packaging Corporation.

Dated: April 18, 2018

By: /s/ Matthew Kaplan
Matthew Kaplan
President and Chief Executive Officer

Exhibit 32.2

Certification of CFO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of KapStone Paper and Packaging Corporation for the quarter ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Andrea K. Tarbox, Executive Vice President and Chief Financial Officer of KapStone Paper and Packaging Corporation, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of KapStone Paper and Packaging Corporation.

Dated: April 18, 2018

By: /s/ Andrea K. Tarbox
Andrea K. Tarbox
Executive Vice President and Chief Financial Officer