

KAPSTONE PAPER & PACKAGING CORP  
 Form 3  
 May 22, 2008

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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**INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,  
 Section 17(a) of the Public Utility Holding Company Act of 1935 or Section  
 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

|   |   |  |   |   |
|---|---|--|---|---|
| <p>1. Name and Address of Reporting Person *</p> <p>Â SHERWOOD NED L</p> <p>(Last) (First) (Middle)</p> <p>C/O ZS CROSSOVER II GP,<br/>                 L.L.C.,Â 1133 AVENUE OF<br/>                 THE AMERICAS</p> <p>(Street)</p> <p>NEW YORK,Â NYÂ 10036</p> <p>(City) (State) (Zip)</p> | <p>2. Date of Event Requiring Statement</p> <p>(Month/Day/Year)</p> <p>05/19/2008</p> | <p>3. Issuer Name and Ticker or Trading Symbol</p> <p>KAPSTONE PAPER &amp; PACKAGING CORP [KPPC]</p> | <p>4. Relationship of Reporting Person(s) to Issuer</p> <p>(Check all applicable)</p> <p><input type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner<br/> <input type="checkbox"/> Officer <input type="checkbox"/> Other<br/>                 (give title below) (specify below)</p> | <p>5. If Amendment, Date Original Filed(Month/Day/Year)</p> |
|---|---|--|---|---|

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Beneficially Owned**

| 1. Title of Security<br>(Instr. 4) | 2. Amount of Securities Beneficially Owned<br>(Instr. 4) | 3. Ownership Form:<br>Direct (D)<br>or Indirect (I)<br>(Instr. 5) | 4. Nature of Indirect Beneficial Ownership<br>(Instr. 5) |
|------------------------------------|--|---|--|
| Common Shares                      | 68,072   | D   | Â  |
| Common Shares                      | 293,860  | I <sup>(1)</sup>  | By ZS Crossover II L.P.                                  |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security<br>(Instr. 4) | 2. Date Exercisable and Expiration Date<br>(Month/Day/Year) | 3. Title and Amount of Securities Underlying Derivative Security | 4. Conversion or Exercise | 5. Ownership Form of | 6. Nature of Indirect Beneficial Ownership |
|---|---|--|---------------------------|----------------------|--|
|---|---|--|---------------------------|----------------------|--|

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|                                      | Date Exercisable | Expiration Date | (Instr. 4)<br>Title | Amount or Number of Shares | Price of Derivative Security | Derivative Security: Direct (D) or Indirect (I) (Instr. 5) | (Instr. 5)              |
|--------------------------------------|------------------|-----------------|---------------------|----------------------------|------------------------------|--|-------------------------|
| Common Stock Warrants (right to buy) | 01/01/2007       | 08/15/2009      | Common Stock        | 1,110,786                  | \$ 5                         | D  | Â                       |
| Common Stock Warrants (right to buy) | 01/01/2007       | 08/15/2009      | Common Stock        | 1,949,373                  | \$ 5                         | I <sup>(1)</sup>   | By ZS Crossover II L.P. |

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |         |       |
|---|---------------|-----------|---------|-------|
|   | Director      | 10% Owner | Officer | Other |
| SHERWOOD NED L<br>C/O ZS CROSSOVER II GP, L.L.C.<br>1133 AVENUE OF THE AMERICAS<br>NEW YORK, NY 10036 | Â             | Â X       | Â       | Â     |

## Signatures

/s/ Ned  
Sherwood

05/22/2008

\_\_Signature of  
Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 5(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

These securities are owned by ZS Crossover II L.P. (the "Partnership"). These securities may be deemed to be beneficially owned by ZS Crossover II GP, L.L.C., the general partner of the Partnership, and Ned Sherwood, the managing member of ZS Crossover II GP, L.L.C.

(1) The Reporting Person disclaims beneficial ownership of the reported securities except to the extent of his pecuniary interest therein, and this report shall not be deemed an admission that the Reporting Person is the beneficial owner of the securities for purposes of Section 16 of the Securities Exchange Act of 1934, as amended, or for any other purpose.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, See Instruction 6 for procedure.

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