

KAPSTONE PAPER & PACKAGING CORP  
 Form 4  
 October 26, 2009

**FORM 4**

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN 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)

1. Name and Address of Reporting Person \*  
 ELM RIDGE CAPITAL  
 MANAGEMENT LLC

2. Issuer Name and Ticker or Trading Symbol  
 KAPSTONE PAPER &  
 PACKAGING CORP [KPPC]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
 3 WEST MAIN STREET, 3RD  
 FLOOR

3. Date of Earliest Transaction  
 (Month/Day/Year)  
 10/22/2009

\_\_\_ Director \_\_\_X\_\_\_ 10% Owner  
 \_\_\_ Officer (give title below) \_\_\_ Other (specify below)

(Street)  
 IRVINGTON, NY 10533

4. If Amendment, Date Original Filed(Month/Day/Year)

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

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |              |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|--------------|
|                                 |                                      |  |                                | (A) or (D)  | Price   |  |   |              |
|                                 |                                      |  |                                | Code  | V   | Amount   |   |              |
| Common Stock                    | 10/22/2009                           |  | S                              | D   | 100,000   | \$ 8.61  | 5,236,061 I   | Footnote (1) |
| Common Stock                    | 10/23/2009                           |  | S                              | D   | 4,716   | \$ 8.63  | 5,231,345 I   | Footnote (1) |

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

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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 (9-02)

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

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of Derivative Securities Owned Following Transaction (Instr. 5) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|---|
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|---|

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |         |       |
|---|---------------|-----------|---------|-------|
|   | Director      | 10% Owner | Officer | Other |
| ELM RIDGE CAPITAL MANAGEMENT LLC<br>3 WEST MAIN STREET<br>3RD FLOOR<br>IRVINGTON, NY 10533                          |               | X         |         |       |
| GUTFLEISH RONALD E<br>C/O ELM RIDGE CAPITAL MANAGEMENT, LLC<br>3 WEST MAIN STREET, 3RD FLOOR<br>IRVINGTON, NY 10533 |               | X         |         |       |

## Signatures

Elm Ridge Capital Management, LLC (+), By: /s/ Ronald E. Gutfleish  
 10/26/2009  
 \*\*Signature of Reporting Person Date

By: /s/ Ronald E. Gutfleish (+)  
 10/26/2009  
 \*\*Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(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).
- (1) Ronald Gutfleish is the managing member of two limited liability companies, each of which manages one or more private investment funds that hold the Issuer's shares. The Reporting Persons disclaim beneficial ownership of these shares except to the extent of their pecuniary interest therein. This report shall not be deemed an admission that the Reporting Person is the beneficial owner of the reported securities for purposes of Section 16 of the Securities Exchange Act of 1934, as amended, or for any other purpose.

### Remarks:

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(+) Each of the Reporting Persons disclaim beneficial ownership of the reported securities except to the extent of its or his pecuniary interest therein and this report shall not be deemed an admission that such 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. The Reporting Persons affirmatively disclaim being a "group" for purposes of Section 16 of the Securities Exchange Act of 1934, as amended.

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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