

Keneally Timothy P
Form 4
February 22, 2011

FORM 4

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

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

OMB APPROVAL

OMB
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Keneally Timothy P

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

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

(Last) (First) (Middle)
C/O KAPSTONE, 1101 SKOKIE
BLVD, SUITE 300

3. Date of Earliest Transaction
(Month/Day/Year)
02/18/2011

____ Director ____ 10% Owner
____X____ Officer (give title ____ Other (specify
below) below)
Vice President

(Street)
NORTHBROOK, IL 60462

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

6. Individual or Joint/Group Filing(Check
Applicable Line)
____X____ Form filed by One Reporting Person
____ 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 Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price		
Common	02/18/2011		M		8,350 <u>(1)</u>	A	\$ 6.76	31,022	D
Common	02/18/2011		S		473	D	\$ 17.33	30,549	D
Common	02/18/2011		S		305	D	\$ 17.32	30,244	D
Common	02/18/2011		S		300	D	\$ 17.3	29,944	D
Common	02/18/2011		S		1,300	D	\$ 17.28	28,644	D

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Common	02/18/2011	S	1,700	D	\$ 17.28	26,944	D
Common	02/18/2011	S	1,500	D	\$ 17.27	25,444	D
Common	02/18/2011	S	100	D	\$ 17.26	25,344	D
Common	02/18/2011	S	2,672	D	\$ 17.25	22,672	D

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

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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. Nu Deriv Secur Bene Own Follo Repor Trans (Instr
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Keneally Timothy P C/O KAPSTONE, 1101 SKOKIE BLVD SUITE 300 NORTHBROOK, IL 60462			Vice President	

Signatures

Timothy P. Keneally by Power of
Attorney

02/22/2011

__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) Shares acquired pursuant to the exercise of an Option granted 4/5/07. Vesting schedule: options exercisable 4/5/2009 - 28,825; options exercisable 4/5/2010 - 28,825

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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