

KAPSTONE PAPER & PACKAGING CORP  
Form SC 13G/A  
February 13, 2008

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

-----  
SCHEDULE 13G

Under the Securities Exchange Act of 1934  
(Amendment No. 2)\*

KAPSTONE PAPER AND PACKAGING CORPORATION  
-----  
(Name of Issuer)

Common Stock, \$.0001 par value per share  
-----  
(Title of Class of Securities)

48562P111  
-----

(CUSIP Number)

December 31, 2007  
-----

(Date of Event which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this  
Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

\* The remainder of this cover page shall be filled out for a reporting person's  
initial filing on this form with respect to the subject class of securities, and  
for any subsequent amendment containing information which would alter the  
disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed  
to be "filed" for the purpose of Section 18 of the Securities Exchange Act of  
1934 ("Act") or otherwise subject to the liabilities of that section of the Act  
but shall be subject to all other provisions of the Act (however, see the  
Notes).

Continued on following pages  
Page 1 of 11 Pages  
Exhibit Index: Page 10

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SCHEDULE 13G

CUSIP No.: 48562P111

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- 1. Names of Reporting Persons.  
I.R.S. Identification Nos. of above persons (entities only).

MAGNETAR FINANCIAL LLC  
-----

2. Check the Appropriate Box if a Member of a Group  
(a)   
(b)

3. SEC Use Only  
-----

4. Citizenship or Place of Organization

Delaware  
-----

Number of	5.	Sole Voting Power	0
Shares			
Beneficially	6.	Shared Voting Power	1,172,184/1/
Owned by Each			
Reporting	7.	Sole Dispositive Power	0
Person With			
	8.	Shared Dispositive Power	1,172,184/1/

-----

9. Aggregate Amount Beneficially Owned by Each Reporting Person  
  
1,172,184/1/  
-----

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9)

4.69% based on 24,968,097 shares outstanding as of October 31, 2007./1/  
-----

12. Type of Reporting Person:

IA; 00  
-----

/1/ This figure includes an amount of Shares that the Reporting Person is entitled to obtain upon exercise of warrants.

SCHEDULE 13G

CUSIP No.: 48562P111

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- 1. Names of Reporting Persons.  
I.R.S. Identification Nos. of above persons (entities only).

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MAGNETAR CAPITAL PARTNERS LP

2. Check the Appropriate Box if a Member of a Group  
(a)   
(b)

3. SEC Use Only

4. Citizenship or Place of Organization

Delaware

Number of Shares	5.	Sole Voting Power	0
Beneficially Owned by Each Reporting Person With	6.	Shared Voting Power	1,172,184/1/
	7.	Sole Dispositive Power	0
	8.	Shared Dispositive Power	1,172,184/1/

9. Aggregate Amount Beneficially Owned by Each Reporting Person

1,172,184/1/

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9)

4.69% based on 24,968,097 shares outstanding as of October 31, 2007./1/

12. Type of Reporting Person:

HC; 00

/1/ This figure includes an amount of Shares that the Reporting Person is entitled to obtain upon exercise of warrants.

SCHEDULE 13G

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1. Names of Reporting Persons.  
I.R.S. Identification Nos. of above persons (entities only).

SUPERNOVA MANAGEMENT LLC

2. Check the Appropriate Box if a Member of a Group  
(a)   
(b)

3. SEC Use Only

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4. Citizenship or Place of Organization

Delaware

Number of Shares Beneficially Owned by Each Reporting Person With	5.	Sole Voting Power	0
	6.	Shared Voting Power	1,172,184/1/
	7.	Sole Dispositive Power	0
	8.	Shared Dispositive Power	1,172,184/1/

9. Aggregate Amount Beneficially Owned by Each Reporting Person

1,172,184/1/

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

[ ]

11. Percent of Class Represented by Amount in Row (9)

4.69% based on 24,968,097 shares outstanding as of October 31, 2007./1/

12. Type of Reporting Person:

HC; OO

/1/ This figure includes an amount of Shares that the Reporting Person is entitled to obtain upon exercise of warrants.

SCHEDULE 13G

CUSIP No.: 48562P111

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1. Names of Reporting Persons.

I.R.S. Identification Nos. of above persons (entities only).

ALEC N. LITOWITZ

2. Check the Appropriate Box if a Member of a Group

(a) [ ]  
(b) [ ]

3. SEC Use Only

4. Citizenship or Place of Organization

United States of America

Number of Shares Beneficially	5.	Sole Voting Power	0
	6.	Shared Voting Power	1,172,184/1/

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Owned by Each Reporting Person With	-----		
	7.	Sole Dispositive Power	0
	8.	Shared Dispositive Power	1,172,184/1/
-----			
9.	Aggregate Amount Beneficially Owned by Each Reporting Person		
	1,172,184/1/		
-----			
10.	Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)		
	[ ]		
-----			
11.	Percent of Class Represented by Amount in Row (9)		
	4.69% based on 24,968,097 shares outstanding as of October 31, 2007./1/		
-----			
12.	Type of Reporting Person:		
	HC		

-----  
/1/ This figure includes an amount of Shares that the Reporting Person is entitled to obtain upon exercise of warrants.

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Item 1(a). Name of Issuer:

KapStone Paper and Packaging Corporation (the "Issuer")

Item 1(b). Address of Issuer's Principal Executive Offices:

One North Plainfield Plaza, Suite 480, Northfield, Illinois, 60093.

Item 2(a). Name of Person Filing:

This Statement is filed on behalf of each of the following persons (collectively, the "Reporting Persons"):

- i) Magnetar Financial LLC ("Magnetar Financial");
- ii) Magnetar Capital Partners LP ("Magnetar Capital Partners");
- iii) Supernova Management LLC ("Supernova Management"); and
- iv) Alec N. Litowitz ("Mr. Litowitz").

This Statement relates to Shares (as defined herein) and certain warrants to purchase Shares held for the accounts of Magnetar Capital Master Fund, Ltd, a Cayman Islands exempted company ("Magnetar Capital Master Fund"). Magnetar Capital Partners serves as the sole member and parent holding company of Magnetar Financial. Magnetar Financial is a registered investment adviser under Section 203 of the Investment Advisers Act of 1940, as amended. Magnetar Financial serves as investment adviser to Magnetar Capital Master Fund. In such capacity, Magnetar Financial exercises voting and investment power over

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the Shares held for the account of Magnetar Capital Master Fund. Supernova Management is the general partner of Magnetar Capital Partners. The manager of Supernova Management is Mr. Litowitz.

Item 2(b). Address of Principal Business Office or, if None, Residence:

The address of the principal business office of each of Magnetar Financial, Magnetar Capital Partners, Supernova Management, and Mr. Litowitz is 1603 Orrington Avenue, 13th Floor, Evanston, Illinois 60201.

Item 2(c). Citizenship:

- i) Magnetar Financial is a Delaware limited liability company;
- ii) Magnetar Capital Partners is a Delaware limited partnership;
- iii) Supernova Management is a Delaware limited liability company;  
and
- iv) Mr. Litowitz is a citizen of the United States of America.

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Item 2(d). Title of Class of Securities:

Common Stock, \$.0001 par value per share (the "Shares")

Item 2(e). CUSIP Number:

48562P111

Item 3. If This Statement is Filed Pursuant to ss.ss.240.13d-1(b) or 240.13d-2(b) or (c), Check Whether the Person Filing is a:

- (a)  Broker or dealer registered under Section 15 of the Exchange Act.
- (b)  Bank as defined in Section 3(a)(6) of the Exchange Act.
- (c)  Insurance company as defined in Section 3(a)(19) of the Exchange Act.
- (d)  Investment company registered under Section 8 of the Investment Company Act.
- (e)  An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E);
- (f)  An employee benefit plan or endowment fund in accordance with Rule 13d-1(b)(1)(ii)(F).
- (g)  A parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G).
- (h)  A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act.
- (i)  A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act.

Item 4. Ownership:

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Item 4(a) Amount Beneficially Owned:

As of December 31, 2007, each of Magnetar Financial, Magnetar Capital Partners, Supernova Management and Mr. Litowitz may be deemed to be the beneficial owner of: (i) 1,172,184 Shares issuable upon the conversion of warrants held for the accounts of the Magnetar Capital Master Fund.

Item 4(b) Percent of Class:

(i) The number of Shares of which each of Magnetar Financial, Magnetar Capital Partners, Supernova Management and Mr. Litowitz may be deemed to be the beneficial owner constitutes approximately 4.69% the total number of Shares outstanding [based upon information provided by the Issuer in its most recently filed registration statement on Form 10-Q, there were approximately 24,968,097 shares as of October 31, 2007)./1/

-----  
/1/ This figure includes an amount of Shares that the Reporting Person is entitled to obtain upon exercise of warrants.

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Item 4(c) Number of Shares of which such person has:

Magnetar Financial:  
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(i) Sole power to vote or direct the vote:	0
(ii) Shared power to vote or direct the vote:	1,172,184 /1/
(iii) Sole power to dispose or direct the disposition of:	0
(iv) Shared power to dispose or direct the disposition of:	1,172,184 /1/

Magnetar Capital Partners, Supernova Management, and Mr. Litowitz:  
-----

(i) Sole power to vote or direct the vote:	0
(ii) Shared power to vote or direct the vote:	1,172,184 /1/
(iii) Sole power to dispose or direct the disposition of:	0
(iv) Shared power to dispose or direct the disposition of:	1,172,184 /1/

-----  
/1/ This figure includes an amount of Shares that the Reporting Person is entitled to obtain upon exercise of warrants.

Item 5. Ownership of Five Percent or Less of a Class:

If this statement is being filed to report the fact that as of the

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date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following [X].

Item 6. Ownership of More than Five Percent on Behalf of Another Person:

This Item 6 is not applicable.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company:

See disclosure in Item 2 hereof.

Item 8. Identification and Classification of Members of the Group:

This Item 8 is not applicable.

Item 9. Notice of Dissolution of Group:

This Item 9 is not applicable.

Item 10. Certification:

By signing below each of the Reporting Persons certifies that, to the best of their knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 13, 2008

MAGNETAR FINANCIAL LLC

By: Magnetar Capital Partners LP  
As Sole Member

By: /s/ Alec N. Litowitz

-----  
Name: Alec N. Litowitz  
Title: Manager of Supernova Management  
LLC, as General Partner of Magnetar  
Capital Partners LP

Date: February 13, 2008

MAGNETAR CAPITAL PARTNERS LP

By: /s/ Alec N. Litowitz



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-----  
Name: Alec N. Litowitz  
Title: Manager of Supernova Management  
LLC, as General Partner of Magnetar  
Capital Partners LP

Date: February 13, 2008

SUPERNOVA MANAGEMENT LLC

By: /s/ Alec N. Litowitz

-----  
Name: Alec N. Litowitz  
Title: Manager

Date: February 13, 2008

ALEC N. LITOWITZ

/s/ Alec N. Litowitz  
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EXHIBIT INDEX

Ex.		Page No.
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A.	Joint Filing Agreement, dated February 13, 2008 by and among Magnetar Financial LLC, Magnetar Capital Partners LP, Supernova Management LLC, and Alec N. Litowitz.....	11

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EXHIBIT A

JOINT FILING AGREEMENT

The undersigned hereby agree that the statement on Schedule 13G with respect to the Common Stock of KapStone Paper and Packaging Corp. dated as of February 13, 2008 is, and any amendments thereto (including amendments on Schedule 13D) signed by each of the undersigned shall be, filed on behalf of each of us pursuant to and in accordance with the provisions of Rule 13d-1(k) under the Securities Exchange Act of 1934, as amended.

Date: February 13, 2008

MAGNETAR FINANCIAL LLC

By: Magnetar Capital Partners LP  
As Sole Member

By: /s/ Alec N. Litowitz

-----  
Name: Alec N. Litowitz  
Title: Manager of Supernova  
Management LLC, as General  
Partner of Magnetar Capital  
Partners LP

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Date: February 13, 2008

MAGNETAR CAPITAL PARTNERS LP

By: /s/ Alec N. Litowitz  
-----

Name: Alec N. Litowitz  
Title: Manager of Supernova  
Management LLC, as General  
Partner of Magnetar Capital  
Partners LP

Date: February 13, 2008

SUPERNOVA MANAGEMENT LLC

By: /s/ Alec N. Litowitz  
-----

Name: Alec N. Litowitz  
Title: Manager

Date: February 13, 2008

ALEC N. LITOWITZ

/s/ Alec N. Litowitz  
-----