KAPSTONE PAPER & PACKAGING CORP
Form DEFM14A
August 01, 2018
TABLE OF CONTENTS
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)
Filed by the Registrant Filed by a Party other than the Registrant
Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

KapStone Paper and Packaging Corporation

(Name of Registrant as Specified in Its Charter)

(Name of Persons(s) Filing Proxy Statement, if Other Than the Registrant)
Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1)
Title of each class of securities to which transaction applies:

(2)

Aggregate number of securities to which transaction applies:

(3)
Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4)
Proposed maximum aggregate value of transaction:

(5)
Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1)
Amount Previously Paid:

(2)
Form, Schedule or Registration Statement No.:

(3)
Filing Party:

(4)
Date Filed:

TABLE OF CONTENTS

MERGERS PROPOSED — YOUR VOTE IS VERY IMPORTANT

To Stockholders of KapStone Paper and Packaging Corporation:

WestRock Company, a Delaware corporation (referred to as WestRock), KapStone Paper and Packaging Corporation, a Delaware corporation (referred to as KapStone), Whiskey Holdco, Inc., a Delaware corporation (referred to as Holdco), Whiskey Merger Sub, Inc., a Delaware corporation (referred to as WestRock Merger Sub), and Kola Merger Sub, Inc., a Delaware corporation (referred to as KapStone Merger Sub), have entered into an Agreement and Plan of Merger, dated as of January 28, 2018, as it may be amended from time to time (referred to as the merger agreement). Pursuant to the merger agreement and subject to its terms and conditions, 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 as a wholly owned subsidiary of Holdco (referred to as the WestRock merger) and (ii) KapStone Merger Sub will merge with and into KapStone, with KapStone surviving such merger as a wholly owned subsidiary of Holdco (referred to as the KapStone merger and, together with the WestRock merger, referred to as the mergers). We believe that the mergers will benefit the stockholders of KapStone and we ask for your support in voting for the KapStone merger proposal at KapStone's special meeting.

If the mergers are completed, each share of KapStone common stock (referred to as a KapStone share) issued and outstanding immediately prior to the effective time of the mergers (referred to as the effective time) (excluding KapStone shares owned by any direct or indirect wholly owned subsidiary of KapStone, KapStone shares that are owned by KapStone as treasury shares or in respect of which a KapStone stockholder has perfected appraisal rights under Section 262 of the General Corporation Law of the State of Delaware) will be converted into the right to receive, at the election of the KapStone stockholder either: (i) $35.00 in cash, without interest thereon, or (ii) 0.4981 shares of Holdco common stock; subject to proration procedures designed to ensure that shares of Holdco common stock are received in respect of no more than 25% of the KapStone shares issued and outstanding immediately prior to the effective time. WestRock common stock is currently traded on the New York Stock Exchange (referred to as the NYSE) under the symbol "WRK" and KapStone common stock is currently traded on the NYSE under the symbol "KS". We expect that Holdco common stock will be listed on the NYSE under the symbol "WRK". We urge you to obtain current market quotations of WestRock common stock and KapStone common stock.

At the KapStone special meeting, KapStone stockholders will be asked to consider and vote on (i) a proposal to adopt the merger agreement (referred to as the KapStone merger proposal), (ii) a proposal to adjourn the KapStone special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the KapStone merger proposal and (iii) a non-binding, advisory proposal to approve the compensation and benefits that may be paid, become payable or be provided to KapStone's named executive officers in connection with the mergers. The KapStone board of directors unanimously recommends that KapStone stockholders vote "FOR" each of these proposals to be considered at the KapStone special meeting.

The mergers cannot be completed unless the KapStone stockholders approve the KapStone merger proposal. Your vote is very important, regardless of the number of shares you own. Whether or not you plan to attend the KapStone special meeting, please promptly mark, sign and date the accompanying proxy card and return it promptly in the enclosed postage-paid envelope.

The obligations of WestRock and KapStone to complete the mergers are subject to the satisfaction or waiver of several conditions set forth in the merger agreement. More information about WestRock, KapStone, Holdco and the mergers is contained in this proxy statement/ prospectus. WestRock and KapStone encourage you to read this entire proxy statement/prospectus carefully, including the section entitled "Risk Factors", beginning on page 33.

We look forward to the successful combination of WestRock and KapStone.

Sincerely,

Roger W. Stone	Matthew Kaplan
Executive Chairman of the Board of Directors	President and Chief Executive Officer
KapStone Paper and Packaging Corporation	KapStone Paper and Packaging Corporation

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this proxy statement/prospectus or determined that this proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated August 1, 2018 and is first being mailed to the stockholders of KapStone on or about August 2, 2018.

TABLE OF CONTENTS

KapStone Paper and Packaging Corporation
1101 Skokie Boulevard, Suite 300
Northbrook, IL 60062
NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
To be held on September 6, 2018
TIME:
10:00 a.m. (local time) on September 6, 2018

PLACE:
1033 Skokie Boulevard, Suite 150
Northbrook, IL 60062

ITEMS OF BUSINESS:

- To consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of January 28, 2018, as it may be amended from time to time (referred to as the merger agreement), among WestRock Company, a Delaware corporation (referred to as WestRock), KapStone Paper and Packaging Corporation, a Delaware corporation (referred to as KapStone), Whiskey Holdco, Inc., a Delaware corporation and a wholly owned subsidiary of WestRock (referred to as Holdco), Whiskey Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Holdco, and Kola Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Holdco, a copy of which is attached as Annex A to the proxy statement/prospectus accompanying this notice (referred to as the KapStone merger proposal);

- To consider and vote on a proposal to adjourn the KapStone special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the KapStone merger proposal (referred to as the KapStone adjournment proposal); and

- To consider and vote on a non-binding, advisory proposal to approve the compensation and benefits that may be paid, become payable or be provided to KapStone's named executive officers in connection with the mergers (referred to as the KapStone compensation proposal).

The accompanying proxy statement/prospectus, including the annexes, contains further information with respect to the business to be transacted at the KapStone special meeting. We urge you to read the proxy statement/prospectus, including the annexes and any documents incorporated by reference, carefully and in their entirety. KapStone will transact no other business at the KapStone special meeting, except such other business as may properly be brought before the KapStone special meeting or any adjournments or postponements thereof. Please refer to the proxy statement/prospectus of which this notice forms a part for further information with respect to the business to be transacted at the KapStone special meeting.
BOARD OF DIRECTORS' RECOMMENDATION:
After careful consideration, the KapStone board of directors, on January 28, 2018, unanimously approved and adopted the merger agreement and the transactions contemplated thereby, on the terms and subject to the conditions set forth therein, including the KapStone merger, determined that the terms of the merger agreement are in the best interests of KapStone and its stockholders, declared the merger agreement advisable and resolved to recommend that KapStone

stockholders approve the KapStone merger proposal and approve the KapStone compensation proposal.
The KapStone board of directors unanimously recommends that KapStone stockholders vote “FOR” each of the KapStone merger proposal, the KapStone adjournment proposal and the KapStone compensation proposal.

TABLE OF CONTENTS

WHO MAY VOTE:

Only holders of record of KapStone common stock as of the close of business on July 30, 2018 (referred to as the record date) are entitled to receive notice of the KapStone special meeting and to vote at the KapStone special meeting or any adjournments or postponements thereof. As of the record date, there were 97,840,381 shares of KapStone common stock outstanding. Each share of KapStone common stock is entitled to one vote on each matter properly brought before the KapStone special meeting. A list of stockholders of record entitled to vote at the KapStone special meeting will be available at the executive offices of KapStone at 1101 Skokie Boulevard, Suite 300, Northbrook, Illinois 60062 and will also be available for inspection at the KapStone special meeting.

Concurrently with the execution of the merger agreement on January 28, 2018, as inducement for WestRock to enter into the merger agreement, WestRock entered into separate voting agreements (each referred to as a voting agreement and collectively, the voting agreements) with each of Mr. Roger Stone, Mr. Matthew Kaplan, the Roger W. Stone Revocable Trust and the Roger and Susan Stone Family Foundation, which together beneficially owned shares totaling approximately 9.5% of the shares of KapStone common stock issued and outstanding as of January 28, 2018 (which includes options to purchase shares of KapStone common stock that were exercisable and KapStone restricted stock unit awards that would vest within 60 days of January 28, 2018) and owned, with the right to vote at the KapStone special meeting, 8.1% of the shares of KapStone common stock issued and outstanding as of the record date (which does not include options to purchase shares of KapStone common stock that are exercisable or KapStone restricted stock unit awards that will vest within 60 days of the record date). Pursuant to the voting agreements, each such stockholder agreed during the term of its respective voting agreement to, among other things, upon the terms and subject to the terms and conditions therein, (i) vote all of its shares of KapStone common stock in favor of the adoption of the merger agreement and in favor of the mergers and the other transactions contemplated by the merger agreement, and against, among other things, any alternative transaction that may be proposed, (ii) not solicit alternative transactions or participate in discussions or negotiations regarding alternative transactions, in each case, subject to certain exceptions, and (iii) subject to certain exceptions, not sell or otherwise transfer its shares of KapStone common stock.

VOTE REQUIRED FOR APPROVAL:

Your vote is very important. We cannot complete the mergers without the approval of the KapStone merger proposal. Assuming a quorum is present, the approval of the KapStone merger proposal requires the affirmative vote of the holders of a majority of all issued and outstanding shares of the KapStone common stock entitled to vote on the KapStone merger proposal. Assuming a quorum is present, approval of the KapStone adjournment proposal requires the affirmative vote of a majority of the votes present in person or represented by proxy at the KapStone special meeting and entitled to vote thereon. Assuming a quorum is present, approval of the KapStone compensation proposal requires the affirmative vote of holders of a majority of the shares of KapStone common stock present in person or represented by proxy at the KapStone special meeting and entitled to vote thereon.

Whether or not you plan to attend the KapStone special meeting, please promptly mark, sign and date the accompanying proxy card and return it in the enclosed postage-paid envelope. If your shares are held in the name of a broker or other nominee, please follow the instructions on a voting instruction card furnished by the record holder.

By order of the Board of Directors,

Kathryn D. Ingraham
Vice President, Secretary and General Counsel
Northbrook, Illinois
August 1, 2018

TABLE OF CONTENTS

ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about KapStone and WestRock from other documents that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your request. You can obtain the documents incorporated by reference into this proxy statement/prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

KapStone Paper and Packaging Corporation	WestRock Company
1101 Skokie Boulevard, Suite 300	1000 Abernathy Road NE
Northbrook, IL 60062	Atlanta, GA 30328
Attn: Corporate Secretary	Attn: Corporate Secretary
(847) 239-8800	(770) 448-2193

Investors may also consult KapStone's or WestRock's website for more information concerning the mergers described in this proxy statement/prospectus. KapStone's website is www.kapstonepaper.com. WestRock's website is www.westrock.com. Information included on either of these websites is not incorporated by reference into this proxy statement/prospectus.

If you would like to request any documents, please do so by August 28, 2018 in order to receive them before the KapStone special meeting.

For more information, see the section entitled "Where You Can Find More Information", beginning on page 156.

ABOUT THIS PROXY STATEMENT/PROSPECTUS

This proxy statement/prospectus, which forms part of a Registration Statement on Form S-4 filed with the U.S. Securities and Exchange Commission (referred to as the SEC) by Whiskey Holdco, Inc. (referred to as Holdco) (File No. 333-223964) constitutes a prospectus of Holdco under Section 5 of the Securities Act of 1933, as amended (referred to as the Securities Act), with respect to the Holdco shares to be issued in connection with the KapStone merger pursuant to the merger agreement. This proxy statement/prospectus also constitutes a proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended (referred to as the Exchange Act). It also constitutes a notice of meeting with respect to the KapStone special meeting.

You should rely only on the information contained in or incorporated by reference into this proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement/prospectus. This proxy statement/ prospectus is dated August 1, 2018. You should not assume that the information contained in, or incorporated by reference into, this proxy statement/prospectus is accurate as of any date other than that date. Neither our mailing of this proxy statement/prospectus to KapStone stockholders, nor the issuance by Holdco of its common stock in connection with the mergers, will create any implication to the contrary.

This proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Information contained in this proxy statement/ prospectus regarding WestRock has been provided by WestRock and information contained in this proxy statement/prospectus regarding KapStone has been provided by KapStone.

TABLE OF CONTENTS

Unless otherwise indicated or as the context otherwise requires, all references in this proxy statement/ prospectus to:

- "combined company" refer collectively to Holdco, WestRock and KapStone, following completion of the mergers;
- "Holdco" refer to Whiskey Holdco, Inc., a Delaware corporation and a wholly owned subsidiary of WestRock;
- "Holdco shares" refer to shares of common stock of Holdco, par value $0.01 per share;
- "KapStone" refer to KapStone Paper and Packaging Corporation, a Delaware corporation;
- "KapStone merger" refer to the merger of KapStone Merger Sub with and into KapStone, with KapStone surviving such merger as a wholly owned subsidiary of Holdco;
- "KapStone Merger Sub" refer to Kola Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Holdco;
- "KapStone shares" refer to shares of common stock of KapStone, par value $0.0001 per share;
- "KapStone stockholders" refer to holders of KapStone shares;
- "merger agreement" refer to the Agreement and Plan of Merger, dated as of January 28, 2018, as it may be amended from time to time, among WestRock, KapStone, Holdco, WestRock Merger Sub and KapStone Merger Sub, a copy of which is attached as Annex A to this proxy statement/ prospectus and is incorporated herein by reference;
- "mergers" refer collectively to the WestRock merger and the KapStone merger;
- "we", "our" and "us" refer to WestRock and KapStone, collectively;
- "WestRock" refer to WestRock Company, a Delaware corporation;
- "WestRock shares" refer to shares of common stock of WestRock, par value $0.01 per share;
- "WestRock merger" refer to the merger of WestRock Merger Sub with and into WestRock, with WestRock surviving such merger as a wholly owned subsidiary of Holdco; and
-

"WestRock Merger Sub" refer to Whiskey Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Holdco.

TABLE OF CONTENTS

Table of Contents

i

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

QUESTIONS AND ANSWERS

The following are some questions that you, as a KapStone stockholder, may have regarding the mergers and the other matters being considered at the KapStone special meeting and the answers to those questions. You are urged to read carefully the remainder of this proxy statement/prospectus because the information in this section does not provide all the information that might be important to you with respect to the mergers and the other matters being considered at the KapStone special meeting. Additional important information is also contained in the annexes to and the documents incorporated by reference into this proxy statement/prospectus.

About the Mergers

Q:

What is the proposed transaction on which I am being asked to vote?

A:

WestRock, KapStone, Holdco, KapStone Merger Sub and WestRock Merger Sub have entered into the merger agreement that is described in this proxy statement/prospectus, and a copy of which is attached as Annex A. Pursuant to the merger agreement and subject to its terms and conditions, 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 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. As a result, among other things, (a) Holdco will become the ultimate parent of WestRock, KapStone and their respective subsidiaries, (b) existing WestRock shares will automatically convert into Holdco shares and (c) existing KapStone stockholders will receive Holdco shares or cash, as described further below, in each case in accordance with the terms of the merger agreement. It is a condition to the completion of the mergers that the Holdco shares to be issued in connection with the mergers be authorized for listing on the New York Stock Exchange (referred to as the NYSE), subject to official notice of issuance. Following the completion of the mergers, Holdco will cause KapStone shares to be delisted from the NYSE and deregistered under the Exchange Act.

Q:

Why am I receiving this proxy statement/prospectus?

A:

You are receiving this proxy statement/prospectus because you were a holder of record of KapStone shares as of the close of business on July 30, 2018 (referred to as the record date).

This proxy statement/prospectus serves as the proxy statement through which KapStone will solicit proxies to obtain the necessary KapStone stockholder approval of the KapStone merger proposal (as defined below) (such approval referred to as the KapStone stockholder approval). It also serves as the prospectus pursuant to which Holdco will issue Holdco shares as consideration in the KapStone merger.

KapStone is holding a special meeting of stockholders (referred to as the KapStone special meeting) in order to obtain the stockholder approval necessary to adopt the merger agreement. KapStone stockholders will also be asked to approve the adjournment of the KapStone special meeting (if necessary or appropriate to solicit additional proxies if there are not sufficient votes to adopt the merger agreement) and to vote on a non-binding, advisory proposal to approve the compensation and benefits that may be paid, become payable or be provided to KapStone's named executive officers in connection with the mergers.

We will be unable to complete the mergers unless, among other things, the KapStone stockholders vote to adopt the merger agreement.

This proxy statement/prospectus contains important information about the mergers, the merger agreement and the KapStone special meeting. You should read this information carefully and in its entirety. The enclosed voting materials allow you to vote your shares without attending the KapStone special meeting.

TABLE OF CONTENTS

Q:
What will KapStone stockholders receive in the mergers?

A:
If the mergers are completed, KapStone stockholders will have the right to elect to receive with respect to each KapStone share they hold (other than KapStone shares in respect of which a KapStone stockholder has properly demanded appraisal rights in accordance with the General Corporation Law of the State of Delaware (referred to as the DGCL)), subject to certain proration procedures described below, either: (i) $35.00 in cash, without interest thereon (referred to as the KapStone cash consideration), or (ii) 0.4981 Holdco shares (referred to as the KapStone stock consideration, and, together with the KapStone cash consideration, referred to as the KapStone merger consideration). KapStone stockholders will not receive any fractional Holdco shares in the KapStone merger. Instead, KapStone stockholders will receive cash in lieu of any fractional Holdco shares that they would otherwise have been entitled to receive.

Q:
What ownership percentage of Holdco will former KapStone stockholders have after the mergers are completed?

A:
If the mergers are completed and the maximum stock amount is issued to KapStone stockholders, assuming 97.8 million KapStone shares are issued and outstanding immediately prior to the effective time and 256.5 million WestRock shares are issued and outstanding immediately prior to the effective time, approximately 4.5% of the issued and outstanding Holdco shares immediately following the effective time of the mergers will be held by former KapStone stockholders. For information regarding the risk associated with a reduced ownership in the combined company, see “Risk Factors — Risks Related to the Mergers — KapStone stockholders will have a reduced ownership and voting interest after the mergers and will exercise less influence over management”, beginning on page 37.

Q:
Are KapStone stockholders guaranteed to receive the stock consideration if they elect to receive stock consideration for their KapStone shares?

A:
No. The maximum number of Holdco shares that may be issued to KapStone stockholders as KapStone stock consideration (referred to as the maximum stock amount) is equal to (i) 25% of the product of (A) 0.4981 and (B) the number of issued and outstanding KapStone shares immediately prior to the effective time of the mergers (referred to as the effective time), (ii) rounded down to the nearest whole number. Accordingly, depending on the elections made by other KapStone stockholders, if a KapStone stockholder elects to receive the KapStone stock consideration, such holder may not receive the KapStone stock consideration in respect of such stock election shares (as defined below). The greater the oversubscription of the stock election (as defined below), the fewer Holdco shares and more cash a KapStone stockholder making a stock election will receive in respect of its stock election shares. For further information, including the potential effects of the proration procedures on what a hypothetical holder of 100 KapStone shares would receive if such holder elected to receive the KapStone stock consideration for all of its KapStone shares, see the section entitled “Proposal 1: Adoption of the Merger Agreement — The Merger Agreement — Effects of the Merge Closing; Effective Time”, beginning on page 99.

Q:
How do I make my stock election if I am a KapStone stockholder?

A:
Under the merger agreement, the KapStone stockholders are required to make an election to receive KapStone stock consideration (referred to as a stock election) by 5:00 p.m. New York City time on September 5, 2018, the business

day immediately prior to the KapStone special meeting (referred to as the election deadline). Concurrently with the mailing of this proxy statement/prospectus, an election form will be mailed to each holder of record of KapStone shares for the KapStone special meeting. KapStone will make available one or more election forms as may be reasonably requested from time to time by all persons who become holders of record of KapStone shares during the period following the record date and prior to the election deadline. To elect to receive Holdco shares, you must indicate on the election form the number of KapStone shares with respect to which you elect to receive the KapStone stock consideration (such KapStone shares referred to as stock election shares). You must return your properly completed and signed form accompanied by the KapStone share certificate or an appropriate customary guarantee of delivery by the election deadline. KapStone and WestRock will

TABLE OF CONTENTS

publicly announce by press release the election deadline at least three business days prior to the anticipated election deadline, but you are encouraged to return your election form as promptly as practicable. If you hold your KapStone shares through a bank, broker or other nominee, you should follow the instructions provided by such bank, broker or other nominee to ensure that your election instructions are timely returned. For further information, see the section entitled "The KapStone Special Meeting", beginning on page 44. All KapStone shares for which no stock election is made (referred to as no election shares) will be converted into the right to receive KapStone cash consideration.

Q:
Can I revoke or change my stock election after I mail my election form?

A:
Yes. Any election form may be revoked with respect to all or a portion of the KapStone shares subject thereto by the stockholder who submitted the applicable election form by written notice received by the exchange agent prior to the election deadline. If an election form is revoked, the KapStone shares as to which such stock election previously applied will be no election shares unless a stock election is subsequently submitted by the stockholder prior to the election deadline. For more information, see the section entitled "The KapStone Special Meeting — Revocability of Proxies and Changes to a KapStone Stockholder's Vote", beginning on page 46.

Q:
What happens if I do not make a stock election or my election form is not received before the election deadline?

A:
If a KapStone stockholder makes no stock election with respect to any of its KapStone shares or the exchange agent does not receive a properly completed and signed election form by the election deadline and such KapStone stockholder does not properly demand appraisal in accordance with the DGCL, it will receive the KapStone cash consideration in respect of such shares. In no event will a KapStone stockholder making no stock election with respect to its KapStone shares receive the KapStone stock consideration in respect of any of its KapStone shares. For more information, see the section entitled "Proposal 1: Adoption of the Merger Agreement — The Merger Agreement — Effect o the Capital Stock", beginning on page 101.

Q:
How do I calculate the value of the KapStone stock consideration?

A:
The merger agreement does not contain any provision that would adjust the exchange ratio based on fluctuations in the market value of either KapStone shares or WestRock shares. Because of this, the implied value of the KapStone stock consideration will fluctuate between now and the completion of the mergers. The value of the KapStone stock consideration depends on the market value of Holdco shares at the time the mergers are completed, which will in turn be affected by the market value of KapStone shares and WestRock shares at the time the mergers are completed.

On January 26, 2018, the last trading day prior to the public announcement of the proposed mergers, the closing price on the NYSE was $26.54 per KapStone share and $70.27 per WestRock share. On July 31, 2018, the latest practicable date before the date of this proxy statement/prospectus, the closing price on the NYSE was $34.78 per KapStone share and $57.98 per WestRock share. We urge you to obtain current market quotations before voting your shares.

Q:
Should I send in my share certificates now for the exchange?

A:
No. KapStone stockholders should keep any share certificates they hold at this time. If a KapStone stockholder intends to make a stock election for the KapStone stock consideration, it must send in any KapStone share certificates it holds at the time it sends in the election form (or an appropriate customary guarantee of delivery in lieu thereof). As

promptly as reasonably practicable after the effective time (and in any event within three business days after the effective time), WestRock will cause the exchange agent to mail to each holder of record of KapStone shares represented by certificates or book-entry shares not held through DTC whose shares are converted into the right to receive the KapStone merger consideration pursuant to the merger agreement a form of letter of transmittal, together with instructions thereto advising such holder of the effectiveness of the KapStone merger and the conversion of KapStone shares into the right to receive the KapStone merger consideration.

TABLE OF CONTENTS

With respect to book-entry shares held through DTC, WestRock and KapStone will cooperate to establish procedures regarding transmitting the applicable merger consideration and any dividends or distributions to which the beneficial owners thereof are entitled pursuant to the merger agreement.

Q:
Who is the exchange agent for the mergers?

A:
Computershare Trust Company, N.A. is the exchange agent.

Q:
When do you expect the mergers to be completed?

A:
We are currently targeting completion of the mergers by the end of calendar year 2018, subject to the required KapStone stockholder approval and regulatory clearances and the satisfaction or waiver of the other closing conditions. It is possible that factors outside the control of KapStone or WestRock could result in the mergers being completed at a later time, or not at all.

Q:
Will I still be paid dividends prior to the mergers?

A:
KapStone most recently paid a quarterly dividend of $0.10 per share to its stockholders. Under the merger agreement, KapStone may, without WestRock's consent, continue to declare and pay its regular quarterly cash dividend in an amount of up to $0.10 per share. KapStone declared a regular quarterly dividend of $0.10 per share, which was paid on July 11, 2018 to stockholders of record as of June 29, 2018.

Q:
Are there any risks in the mergers that I should consider?

A:
Yes. There are risks associated with all business combinations, including the WestRock merger and KapStone merger. These risks are discussed in more detail in the section entitled "Risk Factors", beginning on page 33.

Q:
Are KapStone stockholders entitled to appraisal rights?

A:
Yes. If the KapStone merger is completed, KapStone stockholders who have complied exactly with the applicable requirements and procedures of Section 262 of the DGCL will be entitled to demand appraisal of their KapStone shares and receive in lieu of the KapStone merger consideration a cash payment equal to the "fair value" of their KapStone shares. For more information, see the section entitled "Proposal 1: Adoption of the Merger Agreement — Appraisal Rights", beginning on page 92.

Q:
What is householding and how does it affect me?

A:
The SEC permits KapStone to deliver a single copy of its proxy statements and annual reports to KapStone stockholders who have the same address and last name, unless KapStone has received contrary instructions from such

KapStone stockholders. Each KapStone stockholder will continue to receive a separate proxy card. This procedure, called “householding”, will reduce the volume of duplicate information KapStone stockholders receive and reduce KapStone’s printing and postage costs. KapStone will promptly deliver a separate copy of this proxy statement/prospectus to any such KapStone stockholder upon written or oral request. A stockholder wishing to receive a separate proxy statement/prospectus can notify KapStone at KapStone Paper and Packaging Corporation, 1101 Skokie Boulevard, Suite 300, Northbrook, IL 60062, telephone: 847-239-8800. Similarly, KapStone stockholders currently receiving multiple copies of these documents can request the elimination of duplicate documents by contacting KapStone as described above.

About the KapStone Special Meeting

Q:

When and where will the KapStone special meeting be held?

A:

The KapStone special meeting is scheduled to be held at 1033 Skokie Boulevard, Suite 150, Northbrook, Illinois 60062, on September 6, 2018 at 10:00 a.m. local time.

TABLE OF CONTENTS

Q:
Who is entitled to vote at the KapStone special meeting?

A:
Only holders of record of KapStone shares at the close of business on the record date are entitled to notice of, and to vote at, the KapStone special meeting and at any adjournment of the KapStone special meeting.

Q:
How can I attend the KapStone special meeting?

A:
All KapStone stockholders are invited to attend the KapStone special meeting. You may be asked to present valid photo identification, such as a driver's license or passport, before being admitted to the KapStone special meeting. If you hold your KapStone shares in "street name", you also may be asked to present proof of ownership to be admitted to the KapStone special meeting. A brokerage statement or letter from your broker, bank, trust company or other nominee proving ownership of the shares on the record date are examples of proof of ownership.

Q:
What proposals will be considered at the KapStone special meeting?

A:
At the KapStone special meeting, KapStone stockholders will be asked:

- to consider and vote on a proposal to adopt the merger agreement, a copy of which is attached as Annex A to the proxy statement/prospectus accompanying this notice (referred to as the KapStone merger proposal);

- to consider and vote on a proposal to adjourn the KapStone special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the KapStone merger proposal (referred to as the KapStone adjournment proposal); and

- to consider and vote on a non-binding, advisory proposal to approve the compensation and benefits that may be paid, become payable or be provided to KapStone's named executive officers in connection with the mergers (referred to as the KapStone compensation proposal).

KapStone will transact no other business at its special meeting, except such other business as may properly be brought before the KapStone special meeting or any adjournments or postponements thereof.

Q:
How does the KapStone board of directors recommend that I vote?

A:
The KapStone board of directors (referred to as the KapStone board), on January 28, 2018, unanimously approved and adopted the merger agreement and the transactions contemplated thereby, on the terms and subject to the conditions set forth therein, including the KapStone merger, and determined that the terms of the merger agreement are in the best interests of KapStone and its stockholders and declared the merger agreement advisable. The KapStone board unanimously recommends that KapStone stockholders vote "FOR" each of the KapStone merger proposal, the KapStone adjournment proposal and the KapStone compensation proposal.

Q:
How do I vote?

A:
If you are a holder of record of KapStone shares as of the close of business on the record date, you may vote in person by attending the KapStone special meeting or, to ensure your shares are represented at the KapStone special meeting, you may vote by marking, signing and dating the accompanying proxy card and returning it in the enclosed postage-paid envelope so that it is received by the Corporate Secretary of KapStone prior to the KapStone special meeting.

If you hold KapStone shares through a broker or other nominee, you may instruct your broker or other nominee to vote your KapStone shares by following the instructions that the broker or other nominee provides to you with these materials.

Q:
What vote is required to approve each KapStone proposal?

A:
KapStone Merger Proposal. Assuming a quorum is present, approving the KapStone merger proposal requires the affirmative vote of holders of a majority of the KapStone shares issued and outstanding

TABLE OF CONTENTS

and entitled to vote thereon. If you are a KapStone stockholder and fail to vote or vote to abstain, it will have the effect of a vote "AGAINST" the KapStone merger proposal. KapStone shares held by brokers or other nominees that are present in person or by proxy at the KapStone special meeting, but with respect to which the broker or other nominee is not instructed by the beneficial owner of such shares how to vote on a particular proposal and the broker or other nominee does not have discretionary voting power on such proposal (referred to as broker non-votes), will have the effect of a vote "AGAINST" the KapStone merger proposal, assuming a quorum is present.

KapStone Adjournment Proposal. Assuming a quorum is present, approving the adjournment proposal requires the affirmative vote of holders of a majority of the KapStone shares present in person or represented by proxy at the KapStone special meeting and entitled to vote on the KapStone adjournment proposal. If you are a KapStone stockholder and fail to vote, it will have no effect on the KapStone adjournment proposal, assuming a quorum is present, and broker non-votes will have no effect on the KapStone adjournment proposal, assuming a quorum is present. If you are a KapStone stockholder and you mark your proxy card or voting instructions to abstain, it will have the effect of a vote "AGAINST" the KapStone adjournment proposal.

KapStone Compensation Proposal. In accordance with Section 14A of the Exchange Act, KapStone is providing its stockholders with the opportunity to vote on a non-binding, advisory proposal to approve the compensation and benefits that may be paid, become payable or be provided to KapStone's named executive officers in connection with the mergers, as reported in the section of this proxy statement/prospectus entitled "Proposal 1: Adoption of the Merger Agreement — Financial Interests of KapStone Directors and Officers in the Mergers", beginning on page 77. Assuming a quorum is present, approving the KapStone compensation proposal, on a non-binding advisory basis, requires the affirmative vote of holders of a majority of the KapStone shares present in person or represented by proxy at the KapStone special meeting and entitled to vote on the KapStone compensation proposal. If you are a KapStone stockholder and fail to vote, it will have no effect on the KapStone compensation proposal, assuming a quorum is present, and broker non-votes will have no effect on the KapStone compensation proposal, assuming a quorum is present. If you are a KapStone stockholder and you mark your proxy card or voting instructions to abstain, it will have the effect of a vote "AGAINST" the KapStone compensation proposal.

Q:
How many votes do I have?

A:
You are entitled to one vote for each KapStone share that you owned as of the close of business on the record date. As of the close of business on the record date, there were 97,840,381 KapStone shares outstanding entitled to vote at the KapStone special meeting.

Q:
What will happen if I fail to vote or I abstain from voting?

A:
If you are a KapStone stockholder and fail to vote or vote to abstain, it will have the effect of a vote "AGAINST" the KapStone merger proposal, and broker non-votes will have the effect of a vote "AGAINST" the KapStone merger proposal, assuming a quorum is present. If you are a KapStone stockholder and fail to vote, it will have no effect on the KapStone adjournment proposal or the KapStone compensation proposal, assuming a quorum is present, and broker non-votes will have no effect on the KapStone adjournment proposal or the KapStone compensation proposal, assuming a quorum is present. If you are a KapStone stockholder and you mark your proxy card or voting instructions to abstain, it will have the effect of a vote "AGAINST" the KapStone adjournment proposal and the KapStone compensation proposal.

TABLE OF CONTENTS

Q:
What constitutes a quorum?

A:
A quorum for action on any subject matter at any special meeting of KapStone stockholders will exist when the holders of a majority of the issued and outstanding KapStone shares entitled to vote on such subject matter are represented in person or by proxy at such meeting. KapStone shares represented at the KapStone special meeting but not voted, including KapStone shares for which a stockholder directs an "abstention" from voting, will be counted as present for purposes of establishing a quorum. Broker non-votes, if any, will not be counted as present for purposes of establishing a quorum. KapStone shares owned by KapStone as treasury shares will not be included in the calculation of the number of KapStone shares represented at the KapStone special meeting for purposes of determining whether a quorum is present.

Q:
If my shares are held in "street name" by my broker, will my broker automatically vote my shares for me?

A:
No. If you hold KapStone shares through a broker, bank, trust company or other nominee, you may instruct your broker, bank, trust company or other nominee to vote your KapStone shares by following the instructions that the broker, bank, trust company or other nominee provides to you with these materials. Most brokers offer the ability for stockholders to submit voting instructions by mail by completing a voting instruction card, by telephone and via the Internet. Broker non-votes, if any, will not be counted as present for purposes of establishing a quorum.

With respect to the KapStone merger proposal, a broker non-vote will have the effect of a vote "AGAINST" the proposal. With respect to the KapStone adjournment proposal and the KapStone compensation proposal, a broker non-vote will have no effect on such proposals.
If your KapStone shares are held in "street name" and you wish to vote your KapStone shares in person at the KapStone special meeting, you must bring to the KapStone special meeting a "legal proxy" executed in your favor from the record holder (your broker, bank, trust company or other nominee) of the KapStone shares authorizing you to vote at the KapStone special meeting.
Q:
What will happen if I return my proxy card without indicating how to vote?

A:
If a signed proxy card is returned without an indication as to how the KapStone shares represented are to be voted with regard to a particular proposal, the KapStone shares represented by the proxy card will be voted "FOR" each such proposal.

Q:
Can I change my vote after I have returned a proxy card or voting instruction card?

A:
Yes. You may change your vote at any time before your proxy is voted at the KapStone special meeting. You may do this in one of four ways:

- by sending a notice of revocation to the Corporate Secretary of KapStone, dated as of a later date than the date of the proxy card and received by the Corporate Secretary of KapStone prior to the KapStone special meeting;

-

by sending a completed proxy card bearing a later date than your original proxy card and mailing it so that it is received by the Corporate Secretary of KapStone prior to the KapStone special meeting; or

•
by attending the KapStone special meeting and voting in person.

Your attendance alone will not revoke any proxy. If your KapStone shares are held in “street name”, you should follow the instructions of your broker regarding the revocation of proxies.

Q:
What should KapStone stockholders do if they receive more than one set of voting materials?

A:
You may receive more than one set of voting materials with respect to the proposals described in this proxy statement/prospectus, including multiple copies of this proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your KapStone shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account

TABLE OF CONTENTS

in which you hold shares. If you are a holder of record of KapStone shares and your KapStone shares are registered in more than one name, you will receive more than one proxy card. In each case, please complete, sign, date and return each proxy card and voting instruction card that you receive to ensure that all of your shares are voted.

Q:
May I transfer KapStone shares if I have elected to receive the KapStone stock consideration?

A:
Yes, but once you make a stock election with respect to any KapStone shares, you will be unable to sell or otherwise transfer such KapStone shares unless you properly revoke your stock election prior to the election deadline or the merger agreement is terminated.

Q:
What happens if I transfer my KapStone shares before the KapStone special meeting?

A:
The record date is earlier than the date of the KapStone special meeting and the date that the mergers are expected to be completed. If you transfer your KapStone shares after the record date but before the KapStone special meeting, you will retain your right to vote at the KapStone special meeting, but you will not have the right to receive the KapStone merger consideration. In order to receive the KapStone merger consideration, you must hold your KapStone shares through the completion of the mergers.

Q:
Who is the inspector of election?

A:
The KapStone board has appointed a representative of Morrow Sodali LLC to act as the inspector of election for the KapStone special meeting.

Q:
Where can I find the voting results of the KapStone special meeting?

A:
The preliminary voting results are expected to be announced at the KapStone special meeting. In addition, within four business days following certification of the final voting results, KapStone intends to file the final voting results of its special meeting with the SEC on Form 8-K.

Q:
What will happen if all of the proposals to be considered at the KapStone special meeting are not approved?

A:
As a condition to the completion of the mergers, KapStone stockholders must approve the KapStone merger proposal. Completion of the mergers is not conditioned or dependent on approval of any of the other proposals to be considered at the KapStone special meeting.

Q:
Why are KapStone stockholders being asked to approve, on a non-binding advisory basis, the compensation and benefits that may be paid, become payable or be provided to KapStone’s named executive officers in connection with the mergers?

A:

The rules promulgated by the SEC under Section 14A of the Exchange Act require KapStone to seek a non-binding, advisory vote with respect to certain compensation and benefits that may be paid, become payable or be provided to KapStone's named executive officers in connection with the mergers. For more information regarding such payments, see the section entitled "Proposal 1: Adoption of the Merger Agreement — Financial Interests of KapStone Directors and Officers in the Mergers", beginning on page 77.

Q:
What will happen if KapStone stockholders do not approve, on a non-binding advisory basis, the compensation and benefits that may be paid, become payable or be provided to KapStone's named executive officers in connection with the mergers?

A:
The vote on the KapStone compensation proposal is a vote separate and apart from the vote on the KapStone merger proposal. Accordingly, a KapStone stockholder may vote to approve the KapStone merger proposal and vote not to approve the KapStone compensation proposal, and vice versa.

Because the vote on the KapStone compensation proposal is advisory only, the outcome of such vote will not be binding on KapStone or Holdco. Accordingly, if the merger agreement is approved and adopted by the KapStone stockholders and the mergers are completed, the compensation and benefits with respect to the named executive officers of KapStone will be payable or be provided, subject only to the conditions applicable thereto, regardless of the outcome of the vote on the KapStone compensation proposal.

TABLE OF CONTENTS

Q:
What do I need to do now?

A:
Carefully read and consider the information contained in and incorporated by reference into this proxy statement/prospectus, including its annexes.

If you are a holder of record of KapStone shares as of the close of business on the record date, in order for your KapStone shares to be represented at the KapStone special meeting, you must:

- vote in person by attending the KapStone special meeting; or

- mark, sign and date the accompanying proxy card and return it in the enclosed postage-paid envelope so that it is received by the Corporate Secretary of KapStone prior to the KapStone special meeting.

If you hold KapStone shares through a broker or other nominee, you may instruct your broker or other nominee to vote your KapStone shares by following the instructions that the broker or other nominee provides to you with these materials.

Q:
Who can help answer my questions?

A:
KapStone stockholders who have questions about the merger agreement, the mergers or the other matters to be voted on at the KapStone special meeting or desire additional copies of this proxy statement/prospectus or additional proxy cards or election forms should contact:

Morrow Sodali LLC
470 West Avenue
Stamford, CT 06902
KapStone stockholders call toll free: (800) 662-5200
Banks and brokerage firms call: (203) 658-9400

TABLE OF CONTENTS

SUMMARY

This summary highlights information contained elsewhere in this proxy statement/prospectus and may not contain all the information that is important to you. You are urged to read carefully the remainder of this proxy statement/prospectus, including the attached annexes and the other documents to which we have referred you, because this section does not provide all the information that might be important to you with respect to the mergers and the other matters being considered at the KapStone special meeting. See also the section entitled “Where You Can Find More Information”, beginning on page 156. We have included page references to direct you to a more complete description of the topics presented in this summary.

The Companies

WestRock Company

WestRock Company
1000 Abernathy Road NE
Atlanta, Georgia 30328
Telephone: (770) 448-2193

WestRock Company, a Delaware corporation, is a multinational provider of paper and packaging solutions for consumer and corrugated packaging markets. WestRock partners with its customers to provide differentiated paper and packaging solutions that help them win in the marketplace. WestRock’s 45,000 team members support customers around the world from more than 300 operating and business locations spanning North America, South America, Europe, Asia and Australia.

WestRock shares are listed on the NYSE, under the symbol “WRK”.

Additional information about WestRock and its subsidiaries is included in documents incorporated by reference in this proxy statement/prospectus. See the section entitled “Where You Can Find More Information”, beginning on page 156.

KapStone Paper and Packaging Corporation

KapStone Paper and Packaging Corporation
1101 Skokie Boulevard, Suite 300
Northbrook, IL 60062
Telephone: (847) 239-8800

KapStone Paper and Packaging Corporation, founded in 2005 and headquartered in Northbrook, Illinois, is the fifth largest producer of containerboard and the largest producer of kraft paper in North America, based on production capacity. KapStone conducts its operations in two segments: (i) Paper and Packaging, which manufactures and sells a wide variety of containerboard, corrugated products and specialty paper for industrial and consumer markets and (ii) Distribution, through Victory Packaging, L.P., a packaging solutions distribution company with facilities in the United States, Canada and Mexico. KapStone operates four containerboard mills, 23 corrugated products manufacturing plants and approximately 60 distribution centers and employs approximately 6,400 employees.

KapStone shares are listed on the NYSE under the symbol “KS”.

Additional information about KapStone and its subsidiaries is included in documents incorporated by reference in this proxy statement/prospectus. See the section entitled “Where You Can Find More Information”, beginning on page 156.

Whiskey Holdco, Inc.

Whiskey Holdco, Inc.
c/o WestRock Company
1000 Abernathy Road NE
Atlanta, Georgia 30328
Telephone: (770) 448-2193

TABLE OF CONTENTS

Whiskey Holdco, Inc., a wholly owned subsidiary of WestRock, is a Delaware corporation that was incorporated on January 25, 2018 for the purpose of effecting the mergers. To date, Holdco has not conducted any activities other than those incidental to its formation or those relating to the transactions contemplated by the merger agreement. Pursuant to the merger agreement, immediately prior to the completion of the mergers, the name of Holdco will be changed to "WestRock Company" and the name of the surviving company in the WestRock merger will be changed to a name to be determined by WestRock. As of the completion of the mergers, WestRock and KapStone will each become a wholly owned subsidiary of Holdco and it is expected that the Holdco shares will be listed on the NYSE under the symbol "WRK". The business of Holdco will be the combined businesses currently conducted by WestRock and KapStone.

Whiskey Merger Sub, Inc.

Whiskey Merger Sub, Inc.
c/o WestRock Company
1000 Abernathy Road NE
Atlanta, Georgia 30328
Telephone: (770) 448-2193

Whiskey Merger Sub, Inc., a wholly owned subsidiary of Holdco, is a Delaware corporation that was incorporated on January 25, 2018 for the purpose of effecting the WestRock merger. To date, WestRock Merger Sub has not conducted any activities other than those incidental to its formation or those relating to the transactions contemplated by the merger agreement. Pursuant to the merger agreement, WestRock Merger Sub will be merged with and into WestRock, with WestRock surviving the WestRock merger as a wholly owned subsidiary of Holdco.

Kola Merger Sub, Inc.

Kola Merger Sub, Inc.
c/o WestRock Company
1000 Abernathy Road NE
Atlanta, Georgia 30328
Telephone: (770) 448-2193

Kola Merger Sub, Inc., a wholly owned subsidiary of Holdco, is a Delaware corporation that was incorporated on January 25, 2018 for the purpose of effecting the KapStone merger. To date, KapStone Merger Sub has not conducted any activities other than those incidental to its formation or those relating to the transactions contemplated by the merger agreement. Pursuant to the merger agreement, KapStone Merger Sub will be merged with and into KapStone, with KapStone surviving the KapStone merger as a wholly owned subsidiary of Holdco.

The Mergers and the Merger Agreement

A copy of the merger agreement is attached as Annex A to this proxy statement/prospectus and is incorporated herein by reference. KapStone and WestRock encourage you to read the entire merger agreement carefully because it is the principal document governing the mergers and this summary description of the merger agreement is qualified in its entirety by reference to the complete text of the merger agreement. For more information on the merger agreement, see the section entitled "Proposal 1: Adoption of the Merger Agreement — The Merger Agreement", beginning on page 99.

Effects of the Mergers (See page 99)

Subject to the terms and conditions of the merger agreement:

- WestRock Merger Sub will be merged with and into WestRock, with WestRock surviving such merger as a wholly owned subsidiary of Holdco (referred to as the WestRock merger); and

- KapStone Merger Sub will be merged with and into KapStone, with KapStone surviving such merger as a wholly owned subsidiary of Holdco (referred to as the KapStone merger and, together with the WestRock merger, the mergers).

TABLE OF CONTENTS

As a result, among other things, (1) Holdco will become the ultimate parent of WestRock, KapStone and their respective subsidiaries, (2) existing WestRock shares will automatically convert into Holdco shares and (3) existing KapStone stockholders will receive Holdco shares or cash, in each case in accordance with the terms of the merger agreement.

The organization of WestRock, KapStone and Holdco before and after the mergers is illustrated on this page and the following page:

Prior to the Mergers

The Mergers

TABLE OF CONTENTS

After the Mergers

Effect on the Capital Stock (See page 101)

Subject to the terms and conditions set forth in the merger agreement, KapStone stockholders will have the right to elect to receive with respect to each KapStone share they hold (other than KapStone shares in respect of which a KapStone stockholder has properly demanded appraisal rights in accordance with the DGCL), subject to certain proration procedures described below, either: (i) the KapStone cash consideration, which is $35.00 in cash, without interest thereon, or (ii) the KapStone stock consideration, which is 0.4981 Holdco shares. KapStone stockholders will not receive any fractional Holdco shares in the KapStone merger. Instead, KapStone stockholders will receive cash in lieu of any fractional Holdco shares that they would otherwise have been entitled to receive.

Under the merger agreement, the maximum stock amount, which is the maximum number of Holdco shares that may be issued to KapStone stockholders as KapStone stock consideration, is equal to (i) 25% of the product of (A) 0.4981 and (B) the number of issued and outstanding KapStone shares immediately prior to the effective time, (ii) rounded down to the nearest whole number.

A KapStone stockholder's ability to make a stock election is subject to proration procedures set forth in the merger agreement. These procedures are designed to ensure that the KapStone stock consideration is received in respect of no more than 25% of the KapStone shares issued and outstanding immediately prior to the effective time. Whether a KapStone stockholder receives the amount of KapStone stock consideration requested will depend in part on the stock elections of other KapStone stockholders. Even if a KapStone stockholder makes a stock election with respect to any KapStone shares, it may not receive the KapStone stock consideration in respect of such stock election shares. The greater the oversubscription of the stock election, the fewer Holdco shares and more cash a KapStone stockholder making a stock election will receive in respect of its stock election shares.

If the mergers are completed and the maximum stock amount is issued to KapStone stockholders, assuming 97.8 million KapStone shares are issued and outstanding immediately prior to the effective time and 256.5 million WestRock shares are issued and outstanding immediately prior to the effective time, approximately 4.5% of the issued and outstanding Holdco shares immediately following the effective time of the mergers will be held by former KapStone stockholders.

If a KapStone stockholder makes no stock election with respect to any of its KapStone shares and does not properly demand appraisal in accordance with the DGCL, it will receive the KapStone cash consideration in respect of such shares. In no event will a KapStone stockholder making no stock election with respect to its KapStone shares receive the KapStone stock consideration in respect of any of its KapStone shares. For a description of the applicable stock election procedures, see the section entitled "Proposal 1: Adoption of the Merger Agreement — The Merger Agreement — Election Procedures", beginning on page 102.

The merger agreement does not contain any provision that would adjust the exchange ratio based on fluctuations in the market value of either KapStone shares or WestRock shares. Because of this, the implied

TABLE OF CONTENTS

value of the KapStone stock consideration will fluctuate between now and the completion of the mergers. The value of the KapStone stock consideration depends on the market value of Holdco shares at the time the mergers are completed, which will in turn be affected by the market value of KapStone shares and WestRock shares at the time the mergers are completed.

At the effective time, each issued and outstanding WestRock share will be converted into one Holdco share.

On January 26, 2018, the last trading day prior to the public announcement of the proposed mergers, the closing price on the NYSE was $26.54 per KapStone share and $70.27 per WestRock share. On July 31, 2018, the latest practicable date before the date of this proxy statement/prospectus, the closing price on the NYSE was $34.78 per KapStone share and $57.98 per WestRock share. We urge you to obtain current market quotations before voting your shares.

Treatment of KapStone Stock Options; Other KapStone Equity-Based Awards and the KapStone ESPP (See page 89)

Each option to purchase KapStone shares (referred to as a KapStone option) that is outstanding immediately prior to the effective time will be converted at the effective time into an option to purchase, on the same terms and conditions (including applicable vesting requirements, but subject to the amendments described below with respect to equity-based awards outstanding as of the date of the merger agreement) as were applicable to such KapStone option immediately prior to the effective time, a number of Holdco shares (rounded down to the nearest whole share) determined by multiplying the number of KapStone shares subject to the KapStone option by a fraction, the numerator of which is $35.00 and the denominator of which is the average of the volume weighted average price per share of WestRock shares on the NYSE (as reported by Bloomberg L.P. or another authoritative source mutually selected by WestRock and KapStone) on each of the five consecutive trading days ending with the second complete trading day immediately prior to the closing date (as defined below) (referred to as the equity award exchange ratio), at an exercise price per share (rounded up to the nearest whole cent) determined by dividing the per-share exercise price of the KapStone option by the equity award exchange ratio. Notwithstanding the foregoing, any KapStone option held by a non-employee member of the KapStone board will vest in full upon the effective time.

Each KapStone restricted stock unit award (referred to as a KapStone RSU award) that is outstanding immediately prior to the effective time will be converted at the effective time into a Holdco restricted stock unit award, on the same terms and conditions (including applicable vesting requirements, but subject to the amendments described below with respect to equity-based awards outstanding as of the date of the merger agreement, and including any rights in respect of dividend equivalents, if any, that were accrued but unpaid as of immediately prior to the effective time) as were applicable to such KapStone RSU award immediately prior to the effective time, and relating to the number of Holdco shares (rounded to the nearest whole share) determined by multiplying the number of KapStone shares subject to the KapStone RSU award by the equity award exchange ratio. Notwithstanding the foregoing, any KapStone RSU award held by a non-employee member of the KapStone board will vest in full upon the effective time.

Pursuant to the merger agreement, KapStone options and KapStone RSU awards that were outstanding as of the date of the merger agreement (other than awards held by a non-employee member of the KapStone board) have been amended to provide that such KapStone options and KapStone RSU awards will immediately vest in full if, following the effective time, the award holder experiences a termination of employment by KapStone or any of its affiliates without “cause” or resigns employment for “good reason”, as described below in “Proposal 1: Adoption of the Merger Agreement — The Merger Agreement — Treatment of Equity-Based Awards and Employee Stock Purchase Plans”. With respect to KapStone’s 2018 annual equity grants made as of February 23, 2018 (which consisted entirely of KapStone RSU awards), two-thirds of each such award was made subject to the same “double-trigger” vesting conditions described in the preceding sentence. The remaining one-third of each such award would be forfeited upon any termination of employment prior to the normal vesting date.

Prior to the effective time, the KapStone board (or, if appropriate, an administering committee) has taken or will take all actions as it deems necessary or appropriate to ensure that (i) the offering period under the KapStone Paper and Packaging Corporation 2009 Employee Stock Purchase Plan (referred to as the

TABLE OF CONTENTS

$(3.6) $3.7

Foreign exchange losses for the three months ended March 31, 2005 resulted primarily from (i) the weakening of the Hungarian forint against the euro on Hungarotel s average EUR 84 million denominated debt outstanding between February 21, 2005 (refinancing date) and March 31, 2005; (ii) the weakening of the Hungarian forint against the euro on PanTel s average EUR 66 million denominated debt outstanding between February 28, 2005 and March 31, 2005; and (iii) the weakening of the Hungarian forint against the U.S. dollar on the Company s U.S. dollar 25 million denominated debt outstanding during the period; partially offset by (iv) a realized foreign exchange gain of $0.5 million on the repayment of Hungarotel s previous loan on February 21, 2005. At March 31, 2005, the Hungarian forint had weakened by approximately (i) 1% against the euro as compared to the February 21, 2005 level; (ii) 2% against the euro as compared to the February 28, 2005 level; and (iii) 6% against the U.S. dollar, as compared to December 31, 2004 levels. The foreign exchange gains for the quarter ended March 31, 2004 resulted primarily from the appreciation of the Hungarian forint against the euro on the Company s average EUR 51.4 million denominated debt and against the Company s U.S. dollar 25 million denominated debt outstanding during the period. At March 31, 2004, the Hungarian forint had appreciated in value by approximately 5% against the euro, and by approximately 2% against the U.S. dollar as compared to December 31, 2003 levels. When non-Hungarian forint debt is re-measured into Hungarian forints, the Company reports foreign exchange gains/losses in its consolidated financial statements as the Hungarian forint appreciates/devalues against such non-forint currencies. See the *Inflation and Foreign Currency* and *Market Risk Exposure* sections below.

Interest Expense

	Quarter ended March 31,	
(dollars in millions)	**2005**	**2004**
Interest expense	$ 3.8	$ 2.4

Interest expense increased 58% for the three months ended March 31, 2005 as compared to the three months ended March 31, 2004. This 58% increase is the result of: (i) the inclusion of PanTel s $0.4 million interest expense for the one month ended March 31, 2005; (ii) the write-off of $1.5 million of deferred financing costs related to Hungarotel s previous syndicated loan

Table of Contents

Part I. Financial Information

HUNGARIAN TELEPHONE AND CABLE CORP. AND SUBSIDIARIES

repaid on February 21, 1005; (iii) the 11% appreciation of the Hungarian forint against the U.S. dollar between the periods when translating Hungarotel s Hungarian forint denominated interest expense into U.S. dollars; and (iv) higher average debt levels outstanding between the periods; partially offset by lower average interest rates paid on the Company s borrowings during the quarter ended March 31, 2005 compared to the quarter ended March 31, 2004. As a result of the lower interest rates on the Company s borrowings, the Company s weighted average interest rate on its debt obligations decreased from 6.68% for the three months ended March 31, 2004, to 5.28% for the three months ended March 31, 2005, a 21% decrease. See *Liquidity and Capital Resources* section below.

Interest Income

	Quarter ended March 31,	
(dollars in millions)	**2005**	**2004**
Interest income	$ 0.2	$ 0.6

Interest income decreased 67% for the three months ended March 31, 2005 as compared to three months ended March 31, 2004, due to lower interest rates on Hungarian forint deposits between the periods.

Equity in Earnings of Affiliate

	Quarter ended March 31,	
(dollars in millions)	**2005**	**2004**
Equity in earnings of affiliate	$ 0.9	$

Equity in earnings of affiliate for the three months ended March 31, 2005 represents the 25% equity ownership of PanTel in January and February 2005, prior to the Company obtaining 100% of PanTel on February 28, 2005. See *PanTel Acquisition* section below.

Income Tax (Benefit) Expense

	Quarter ended March 31,

(dollars in millions)	2005	2004
Income tax (benefit) expense	$ (0.1)	$ 1.0

The tax expense for the quarters ended March 31, 2005 and March 31, 2004 have been calculated based upon the estimated effective tax rate for each respective period.

Net Income

	Quarter ended March 31,	
(dollars in millions)	2005	2004
Net (loss) income	$ (0.7)	$ 7.6

As a result of the factors discussed above, the Company recorded a net loss attributable to common stockholders of $0.7 million, or $0.06 per share on a basic and diluted basis, for the three months ended March 31, 2005, as compared to net income attributable to common stockholders of $7.6 million, or $0.62 per share, or $0.59 per share on a diluted basis, for the three months ended March 31, 2004.

Table of Contents

Part I. Financial Information

HUNGARIAN TELEPHONE AND CABLE CORP. AND SUBSIDIARIES

Liquidity and Capital Resources

Net cash provided by operating activities totalled $12.4 million during the three months ended March 31, 2005, compared to $7.9 million during the three months ended March 31, 2004. This $4.0 million increase is due to (i) the 11% appreciation of the Hungarian forint against the U.S. dollar between the two periods; and (ii) the inclusion of PanTel s $4.5 million operating cash flow for March in the one month period ended March 31, 2005. For the three months ended March 31, 2005 and 2004, the Company used $9.5 million and $1.3 million, respectively, in investing activities. This $9.5 million used in investing activities is due to (i) $2.1 million to fund additions to the Company s telecommunications networks, and (ii) $7.4 million for the acquisition of the PanTel business net of cash acquired and proceeds from the sale of an investment in affiliate. Financing activities generated net cash of $18.1 million during the three months ended March 31, 2005 compared to $3.5 million used by financing activities for the three months ended March 31, 2004. Cash flows from financing activities for the three months ended March 31, 2005 were the result of (i) the drawing down of $110 million under the new credit agreement, (ii) the $74.3 million repayment of the Company s previous loans, (iii) the $5.4 million payment of financing related costs and (iv) an $11.9 million payment to a debt service account under the terms of the new credit agreement.

On February 9, 2005, the Company, and its subsidiaries as borrowers, entered into an EUR 170 million Credit Facility Agreement (the Credit Agreement) with a European banking syndicate. The Credit Agreement has three facilities. Facility A, in the amount of EUR 84 million, was drawn down by Hungarotel on February 21, 2005 for the purpose of refinancing and terminating Hungarotel s existing debt as well as to partially finance the acquisition of PanTel. Facility B, in the amount of EUR 66 million, was drawn down by PanTel on February 28, 2005 for the purpose of refinancing and terminating its existing debt at that date. Facility C, in the amount of EUR 20 million provides funds for the repayment of the Company s outstanding notes which mature on March 31, 2007.

Facility A and Facility B are repayable semi-annually on each June 30 and December 31 beginning on June 30, 2005 and ending on December 31, 2010, and during such period are to be escalating percentages of the amounts drawn down. Facility C is repayable in equal instalments on June 30, 2011 and December 31, 2011. The loan accrues interest at the rate of the Applicable Margin (described below) plus the EURIBOR rate for the applicable interest period. The EURIBOR rate is the percentage rate per annum determined by the Banking Federation of the European Union for the applicable interest period. The Applicable Margin for an interest period on Facility A and Facility B loans is based on the Company s ratio of Total Net Borrowings to EBITDA, as defined in the Credit Agreement. The Applicable Margin on Facilities A and B loans may be adjusted downward incrementally to a minimum of 1.0% subject to the financial performance of the Company as measured by the ratio of the Company s senior debt to earnings before interest, taxes, depreciation and amortization (EBITDA). The maximum Applicable Margin is 2.75% per annum. The initial Applicable Margin on Facility A and Facility B loans is 2.5% per annum. The Applicable Margin for the Facility C loan is fixed at 2.75% per annum. The applicable interest period for the Credit Agreement can be one, three or six months. Interest is payable at the end of each interest period. As a part of the terms of the Credit Agreement, the Company was required to hedge at least 50% of its interest rate risk. The Company has entered into an interest rate swap agreement, as of March 31, 2005, to swap 100% of the variable interest rate component of the Credit Agreement into a fixed rate of interest from July 1, 2005 until December 31, 2010.

Table of Contents

Part I. Financial Information

HUNGARIAN TELEPHONE AND CABLE CORP. AND SUBSIDIARIES

The Company paid an arrangement fee in the amount of EUR 3,995,000 (approximately $5,281,000 at historical exchange rates), which is included in other assets along with other direct costs incurred in obtaining the Credit Agreement, and is being amortized over the term of the related debt. The Company must pay an annual agency fee in the amount of EUR 50,000. The Company must also pay an annual commitment fee in the amount of 0.65% on the undrawn amount of Facility C until it is drawn down or cancelled.

The facilities are secured against all of the Company s intangible and tangible assets, including HTCC s ownership interests in its subsidiaries. The Company is subject to covenants, including limitations on paying dividends, borrowing funds, and merging and disposing of its assets.

The Company may prepay the loans under the Credit Agreement prior to their scheduled maturity dates. The Company has certain obligations to make a prepayment on the Credit Agreement under certain conditions including the issuance by the Company of additional debt or equity capital in certain circumstances. The Company is also required to make a prepayment on the Credit Agreement if it has any Excess Cash Flow until such time as its Total Net Borrowings to EBITDA ratio is less than 1.5:1.

The Company is also required to repay the entire amount borrowed under the Credit Agreement if TDC A/S (TDC), without the consent of the banks holding two-thirds of the Credit Agreement loans, either (i) disposes of any of its shares of the Company or (ii) no longer has the right to appoint the Chairman of the Company s Board of Directors, Chief Executive Officer or Chief Financial Officer (the Appointment Rights). However, such mandatory prepayment provision shall not apply if (a) the Company s Total Net Borrowings to EBITDA ratio is less than 2:1 at the end of each of the two fiscal quarters prior to such event, (b) TDC sells all of its shares of the Company to an internationally recognized telecommunications operator with a certain credit rating, or (c) TDC transfers the Appointment Rights to an internationally recognized telecommunications operator with a certain credit rating which telecommunications operator also buys all of TDC s shares of the Company. On April 12, 2005, TDC increased its ownership interest in the Company through the purchase of Ashmore s entire equity interest in the Company and now owns approximately 63% of the outstanding common stock of the Company.

The Company s major contractual cash obligations as disclosed in its December 31, 2004 Form 10-K filing have materially changed as of March 31, 2005 due to the purchase of the PanTel business on February 28, 2005. The Company s major contractual cash obligations as of March 31, 2005 (at March 31, 2005 exchange rates) are as follows:

Cash Payments Due by Period

(in thousands)

Obligation	Total	1 Year or Less	2 3 Years	4-5 Years	After 5 Years
Long Term Debt	$ 219,307	22,618	77,541	73,527	45,621
Operating Leases	15,142	4,329	7,503	2,912	399

Construction Commitments	3,140	3,003	138		
Total	$ 237,590	29,949	85,182	76,439	46,020

Table of Contents

Part I. Financial Information

HUNGARIAN TELEPHONE AND CABLE CORP. AND SUBSIDIARIES

The acquisition of PanTel on February 28, 2005 resulted in additional cash obligations within the normal course of operations. The Company s ability to generate sufficient cash flow from operations to meet its contractual cash obligations is subject to many factors, including regulatory developments, macroeconomic factors, competition and customer behavior and acceptance of additional fixed line telecommunications services. Under the Company s Credit Agreement, the ratio of the Company s total net borrowings to EBITDA is a measurement of financial performance and becomes the basis for determining the Applicable Margin of the Credit Agreement. The Company must also maintain a minimum ratio of debt service cover. The ratios are calculated based on the Company s U.S. dollar consolidated financial statements translated into euros. This exposes the Company to the possible risk of not meeting its debt covenant ratios, as measured in euro terms, due to the effect of currency movements on translation of its Hungarian forint denominated assets, liabilities, revenues and expenses into euros. While management seeks to manage the business to be in compliance with the Credit Agreement and related covenants, the Company operates in a regulated environment which is subject to many factors outside of management s control (i.e. the government s political, social and public policy agenda).

Inflation and Foreign Currency

In 2001 the Hungarian National Bank lifted all remaining foreign exchange restrictions concerning the Hungarian forint, thus making the Hungarian forint fully and freely convertible. This lifting of all remaining foreign exchange restrictions since that time has caused much interest by foreign investors in Hungarian State bonds and as a result introduced volatility into Hungarian forint exchange rates. During 2004, high Hungarian forint interest rates attracted foreign investors into the market and, as a result, the Hungarian forint appreciated against the euro, as well as the U.S. dollar. As a result of this strengthening, the Company recorded an exchange gain of $3.7 million for the quarter ended March 31, 2004. During the first quarter of 2005, the Hungarian forint weakened against the euro and the U.S. dollar due to a decrease in Hungarian interest rates and, more generally, an increase in U.S. interest rates that resulted in investors divesting from emerging markets and investing in U.S. government securities, resulting in a foreign exchange loss of $3.6 million for the three months ended March 31, 2005. See Item 3 *Quantitative and Qualitative Disclosures About Market Risk* (Market Risk Exposure below).

The Company s generates substantially all of its revenues in Hungarian forints and incurs operating and other expenses, including capital expenditures, predominantly in Hungarian forints but also in U.S. dollars and euros. In addition, certain items in the balance sheet accounts are denominated in currencies other than the functional currencies of the operating subsidiaries.

Table of Contents

Part I. Financial Information

HUNGARIAN TELEPHONE AND CABLE CORP. AND SUBSIDIARIES

Accordingly, when such accounts are translated into the functional currency, the Company is subject to foreign exchange gains and losses which are reflected as a component of net income. When the subsidiaries financial statements are translated into U.S. dollars for financial reporting purposes, the Company is subject to translation adjustments, the effect of which is reflected as a component of stockholders equity.

While the Company has the ability to increase the prices it charges for its services generally commensurate with increases in the Hungarian Consumer Price Index (CPI) pursuant to its licenses from the Hungarian government, and as regulated by the government, it may choose not to implement the full amount of the increase permitted due to competitive and other concerns. In addition, the rate of increase in the Hungarian CPI may not be sufficient to offset potential negative exchange rate movements and as a result, the Company may be unable to generate cash flows to the degree necessary to meet its obligations in currencies other than the Hungarian forint.

Pantel Acquisition

On February 28, 2005, the Company purchased KPN NV s 75.1% interest in the PanTel business for EUR 17 million (approximately $22.5 million at historical rates). This purchase by the Company resulted in the Company acquiring a 100% interest in PanTel. The Company funded the purchase price and refinanced PanTel s existing credit facility from the Credit Agreement. PanTel is Hungary s leading alternative telecommunications provider with a fiber optic backbone telecommunications network covering all of Hungary. PanTel principally provides voice, data and Internet services to businesses, other telecommunications service providers, and Internet Service Providers throughout Hungary in competition with Magyar Tavkozlesi Rt. and others.

HTCC acquired PanTel in order to expand its business in Hungary and the surrounding countries. PanTel s network crosses Hungary s borders and extends into other countries of the Central and Eastern European region including Austria, Bulgaria, Croatia, Romania, Slovakia, Slovenia, Serbia and Montenegro, and Ukraine.

The purchase price for the PanTel business was arrived at by arms length negotiations between the Company and the sellers. The total purchase price of $120.1 million included: (i) the payment of cash of EUR 26.9 million ($35.4 million at historical exchange rates), (ii) 250,000 shares at a fair value of $2.7 million, (iii) estimated transaction costs of $1.5 million and (iv) debt assumed of EUR 66.0 million ($80.5 million at historical exchange rates). Under the purchase method of accounting, the purchase price is allocated to the net tangible and intangible assets based upon their estimated fair values as of the date of the acquisition. An estimate of $29.1 million has been calculated as negative goodwill that represents the excess of the fair value of the net tangible and intangible assets acquired over the purchase price. Negative goodwill is due to the decision of the majority shareholder of the PanTel business to divest its investments in Central and Eastern Europe. In accordance with SFAS No. 142, Goodwill and Other Intangible Assets, negative goodwill has been proportionally allocated to reduce long-lived assets.

The closing of the transaction occurred on February 28, 2005 and the results of the PanTel business for the 31 days ended March 31, 2005 (and the Balance Sheet as at March 31, 2005) have been consolidated into the financial statements of the Company.

Table of Contents

Part I. Financial Information

HUNGARIAN TELEPHONE AND CABLE CORP. AND SUBSIDIARIES

Change in Control

On March 30, 2005, TDC reached an agreement to purchase Ashmore s entire equity holdings in the Company. Following the closing of this transaction on April 12, 2005, TDC now owns 63% of the Company s outstanding Common Stock and 66% of the Company s outstanding Common Stock on a fully diluted basis.

Following the closing of the transaction, the Stockholders Agreement between TDC and Ashmore was terminated.

Cautionary Statement Concerning Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements. Statements that are not historical facts are forward-looking statements made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on the Company s estimates and assumptions and are subject to risks and uncertainties, which could cause actual results to differ materially from those expressed or implied in the statements. Words such as believes , anticipates , estimates, expects and similar expressions are intended to identify forward-looking statements. Forward-looking statements (including oral representations) are only predictions or statements of current plans, which the Company reviews continuously. For all forward-looking statements, the Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

The following important factors, along with those factors discussed elsewhere in this Quarterly Report on Form 10-Q and in the Company s other reports filed with the Securities and Exchange Commission, could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements:

Changes in the growth rate of the overall Hungarian, European Union and Central and Eastern European economies such that inflation, interest rates, currency exchange rates, business investment and consumer spending are impacted;

Materially adverse changes in economic conditions in Hungary and Central Europe;

Material changes in available technology;

The effect of Hungarian regulatory and legislative initiatives and proceedings including those relating to the terms of interconnection, access charges, universal service, unbundled networks, resale rates and the continued liberalization of the Hungarian telecommunications marketplace;

Changes in European Union laws and regulations, which may require Hungary and other countries to revise their telecommunications laws;

The overall effect of competition in the markets for the services that the Company currently provides and competition in the markets for services that the Company may enter into;

The entry into the Company s markets by new competitors;

The final outcome of certain legal proceedings affecting the Company;

The Company s accounting policies which are subject to regulatory review;

The timing and profitability of the Company s entry into new markets;

Table of Contents

Part I. Financial Information

HUNGARIAN TELEPHONE AND CABLE CORP. AND SUBSIDIARIES

Employee retention;

The Company s ability to successfully integrate PanTel and other businesses or companies that the Company may acquire into the Company s operations;

Changes in interest rates;

Changes in the currency exchange markets particularly in the Hungarian forint-euro exchange rate, the Hungarian forint-U.S. dollar exchange rate and the euro-U.S. dollar exchange rate which affect the Company s financial statements and its ability to repay debt;

Political changes in Hungary;

The Company s relationships with its controlling stockholder; and

The Company s dependence on cash flow from its subsidiaries and certain restrictions on the payment of dividends by its subsidiaries.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market Risk Exposure

Currency Exchange Rate Risks

The Company is exposed to various types of risk in the normal course of its business, including the risk from foreign currency exchange rate fluctuations. Company operations, including approximately 98% of net revenues and approximately 73% of operating expenses are Hungarian forint based. Therefore, the Company is subject to exchange rate risk with respect to its non-Hungarian forint denominated expenses due to the variability between the Hungarian forint and the U.S. dollar and euro. The Company is also exposed to exchange rate risk since the Company has debt obligations in euros and U.S. dollars. If the Hungarian forint weakens in the currency exchange markets versus the U.S. dollar or euro, the Company would have to generate more revenue in Hungarian forints to settle such debt obligations. The Hungarian forint/euro exchange rate went from 245.93 as of December 31, 2004 to 247.18 as of March 31, 2005, an approximate 1% depreciation in value. At the same time, the Hungarian forint/U.S. dollar exchange rate changed from 180.29 as of December 31, 2004 to 190.81 as of March 31, 2005, an approximate 6% depreciation in value.

The debt obligations of the Company are euro and U.S. dollar denominated. The Company s policy is to consider utilizing foreign exchange rate hedging instruments or purchases of euro and U.S. dollar in advance in order to reduce its exposure to exchange rate risks associated with cash

payments in euros and dollars under the Company s debt obligations. The Company did not have any open foreign currency forwards at December 31, 2004. Company policy requires that counterparties to any hedging instrument be substantial and creditworthy multinational commercial banks, which are recognized market makers. Due to its limited exposure with respect to non-Hungarian forint denominated expenses, the Company has not entered into any agreements to manage its foreign currency risks related to such expenses but the Company continues to monitor the exchange rate risk related to such expenses.

Given the Company s debt obligations, which include euro and U.S. dollar denominated debt, exchange rate fluctuations in operational currencies can have a significant impact on the financial statements in connection with foreign exchange gains/losses and the resulting debt balances.

Table of Contents

Part I. Financial Information

HUNGARIAN TELEPHONE AND CABLE CORP. AND SUBSIDIARIES

For example, if a 5% change in Hungarian forint/euro exchange rates were to occur, the Company s euro denominated debt, in U.S. dollar terms, would increase or decrease by $9.7 million assuming that the U.S. dollar/forint rate did not change. A 5% change in the Hungarian forint/U.S. dollar rate along with a 5% change in Hungarian forint/euro rates would result in a $9.3 million to $10.2 million increase in the debt balance or a decrease of $9.3 million to $10.2 million.

If a 5% change in Hungarian forint/U.S. dollar exchange rates were to occur, there would be a $1.3 million foreign exchange gain or loss recorded on the U.S. dollar denominated debt.

Interest Rate Risks

The Company is also exposed to interest rate risks because its outstanding debt obligations accrue interest at variable rates tied to market interest rates. The interest rates on the euro and U.S. dollar denominated obligations are based on EURIBOR and USD LIBOR, respectively. If a 1% change in EURIBOR interest rates were to occur, the Company s interest expense would increase or decrease by approximately $1.9 million based upon the Company s euro denominated debt level at March 31, 2005. If a 1% change in USD LIBOR interest rates were to occur, the Company s interest expense would increase or decrease by approximately $0.3 million annually based upon the Company s March 31, 2005 U.S. dollar denominated debt level. The Company evaluates market interest rates and the costs of interest rate hedging instruments by reviewing historical variances between market rates and rates offered by lending institutions on hedging instruments, as well as market expectations of interest rates for the future.

As of March 31, 2005, the Company has entered into an interest rate swap (i.e. cash-flow hedge) agreement whereby it has exchanged 100% of the variable interest rate on its euro denominated debt for a fixed rate. The swap agreement is valid until December 31, 2010.

Item 4. Controls and Procedures

The Company s management, with the participation of the Company s Chief Executive Officer and its principal financial officer, has evaluated the effectiveness of the Company s disclosure controls and procedures (as defined in Securities Exchange Act of 1934, Rule 13a-15(e) and 15d-15(e)) as of the end of the period covered in this report. Based on this evaluation, such officers concluded that the Company s disclosure controls and procedures are effective. There was no change in the Company s internal control over financial reporting during the quarter ended March 31, 2005 that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting.

Table of Contents

Part II. Other Information

HUNGARIAN TELEPHONE AND CABLE CORP. AND SUBSIDIARIES

Item 1. Legal Proceedings

None

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

(a) None.

(b) In 1999 the Company issued 30,000 shares of Preferred Stock Series A with a liquidation value of $70 per share. At the end of the first quarter 2005, the preferred shares were held by TDC A/S and Ashmore Investment Management. Any holder of such Preferred Shares is entitled to receive cumulative cash dividends payable in arrears at the annual rate of 5%, compounded annually, on the liquidation value. As of March 31, 2005, the total arrearage on the Preferred Shares was $572,000.

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits

Exhibit Number	Description
2	Plan of acquisition, reorganization, arrangement, liquidation or succession
3(i)	Certificate of Incorporation of the Registrant, as amended, filed as Exhibit 4.1 to the Registrant s Registration Statement on Form S-8 filed on May 26, 2004 (File #333-115871) and incorporated herein by reference
3(ii)	By-laws of the Registrant, as amended, filed as Exhibit 4.2 to the Registrant s Registration Statement on Form S-8 filed on May 26, 2004 (File #333-115871) and incorporated herein by reference
4.1	Certificate of Incorporation of and By-Laws of the Registrant (see exhibits 3(i) and 3(ii))

Table of Contents

Part II. Financial Information

HUNGARIAN TELEPHONE AND CABLE CORP. AND SUBSIDIARIES

4.2	Certificate of Designation of Series A Preferred Stock of Hungarian Telephone and Cable Corp., filed as Exhibit 4.1 to the Registrant s Quarterly Report on Form 10-Q for the quarter ended March 31, 1999 and incorporated herein by reference
10.1	Employment Agreement between the Registrant and William T. McGann, as amended.
10.2	Employment Agreement between the Registrant and Peter T. Noone, as amended.
11	Statement re computation of per Share Earnings (not required)
15	Letter re unaudited interim financial information (not required)
18	Letter re change in accounting principles (none)
19	Report furnished to security holders (none)
22	Published report regarding matters submitted to vote of security holders (none)
24	Power of Attorney (none)
31.1	Certification of Ole Bertram, President and Chief Executive Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934
31.2	Certification of William T. McGann, Controller and Treasurer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934
32.1	Certification of Ole Bertram, President and Chief Executive Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 1350
32.2	Certification of William T. McGann, Controller and Treasurer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 1350

Table of Contents

Part II. Financial Information

HUNGARIAN TELEPHONE AND CABLE CORP. AND SUBSIDIARIES

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Hungarian Telephone and Cable Corp.

May 13, 2005 By: /s/ Ole Bertram

Ole Bertram
President and Chief Executive Officer

May 13, 2005 By: /s/ William McGann

William McGann
Principal Accounting Officer,
Principal Financial Officer, Controller and Treasurer

32

Table of Contents

HUNGARIAN TELEPHONE AND CABLE CORP.

Index to Exhibits*

Exhibit No.	Description
10.1	Employment Agreement between the Registrant and William T. McGann, as amended
10.2	Employment Agreement between the Registrant and Peter T. Noone, as amended
31.1	Certification of Ole Bertram, President and Chief Executive Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934
31.2	Certification of William T. McGann, Controller and Treasurer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934
32.1	Certification of Ole Bertram, President and Chief Executive Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 1350
32.2	Certification of William T. McGann, Controller and Treasurer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 1350

* The other exhibits listed in the List of Exhibits in the Report on Form 10-Q have been incorporated by reference into such Report.