

KAPSTONE PAPER & PACKAGING CORP  
Form SC 13G  
January 08, 2007

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**SCHEDULE 13G**

**(RULE 13d - 102)**

**Information to be included in statements filed pursuant  
to Rules 13d-1(b), (c) and (d) and amendments thereto filed  
pursuant to 13d-2(b)**

**(AMENDMENT NO. )\***

KapStone Paper And Packaging Corporation

(Name of Issuer)

Common Stock, \$.0001 par value

(Title of Class of Securities)

861575 10 8

(CUSIP Number)

December 29, 2006

(Date of Event which Requires Filing of this Statement)

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Check the appropriate box to designate the rule

pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

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

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

(Continued on the Following Pages)

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**1. NAMES OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)**

Corsair Capital Partners, L.P.

**2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\***

- (a)  X
- (b)  o

**3. SEC USE ONLY**

**4. CITIZENSHIP OR PLACE OF ORGANIZATION**

Delaware

**NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:**

**5. SOLE VOTING POWER**

0

**6. SHARED VOTING POWER**

940,377

**7. SOLE DISPOSITIVE POWER**

0

**8. SHARED DISPOSITIVE POWER**

940,377

**9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON**

940,377

**10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9)  
EXCLUDES CERTAIN SHARES\***

**11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)**

3.7%

**12. TYPE OF REPORTING PERSON\***

PN

**\*SEE INSTRUCTIONS BEFORE FILLING OUT!**

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**1. NAMES OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)**

Corsair Long Short International, Ltd.

**2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\***

- (a)  X
- (b)  o

**3. SEC USE ONLY**

**4. CITIZENSHIP OR PLACE OF ORGANIZATION**

Cayman Islands

**NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:**

**5. SOLE VOTING POWER**

0

**6. SHARED VOTING POWER**

22,683

**7. SOLE DISPOSITIVE POWER**

0

**8. SHARED DISPOSITIVE POWER**

22,683

**9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON**

22,683

**10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9)  
EXCLUDES CERTAIN SHARES\***

**11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)**

0.1%

**12. TYPE OF REPORTING PERSON\***

CO

**\*SEE INSTRUCTIONS BEFORE FILLING OUT!**

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**1. NAMES OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)**

Corsair Select, L.P.

**2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\***

- (a)  X
- (b)  o

**3. SEC USE ONLY**

**4. CITIZENSHIP OR PLACE OF ORGANIZATION**

Delaware

**NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:**

**5. SOLE VOTING POWER**

0

**6. SHARED VOTING POWER**

433,477

**7. SOLE DISPOSITIVE POWER**

0

**8. SHARED DISPOSITIVE POWER**

433,477

**9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON**

433,477

**10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9)  
EXCLUDES CERTAIN SHARES\***                    **o**

**11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)**

1.7%

**12. TYPE OF REPORTING PERSON\***

PN

**\*SEE INSTRUCTIONS BEFORE FILLING OUT!**

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**1. NAMES OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)**

Corsair Capital Partners 100, L.P.

(a) X  
(b) o

**3. SEC USE ONLY**

**4. CITIZENSHIP OR PLACE OF ORGANIZATION**

Delaware

**NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:**

**5. SOLE VOTING POWER**

0

**6. SHARED VOTING POWER**

42,902

**7. SOLE DISPOSITIVE POWER**

0

**8. SHARED DISPOSITIVE POWER**

42,902

**9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON**

42,902

**10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9)  
EXCLUDES CERTAIN SHARES\***                    **o**

**11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)**

0.2%

**12. TYPE OF REPORTING PERSON\***

PN

**\*SEE INSTRUCTIONS BEFORE FILLING OUT!**

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**1. NAMES OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)**

Corsair Capital Investors, Ltd.

(a) X  
(b) o

**3. SEC USE ONLY**

**4. CITIZENSHIP OR PLACE OF ORGANIZATION**

Cayman Islands

**NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:**

**5. SOLE VOTING POWER**

0

**6. SHARED VOTING POWER**

120,911

**7. SOLE DISPOSITIVE POWER**

0

**8. SHARED DISPOSITIVE POWER**

120,911

**9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON**

120,911

**10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9)  
EXCLUDES CERTAIN SHARES\***                    **o**

**11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)**

0.5%

**12. TYPE OF REPORTING PERSON\***

CO

**\*SEE INSTRUCTIONS BEFORE FILLING OUT!**

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**1. NAMES OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)**

Corsair Capital Management, L.L.C.

**2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\***

- (a)  X
- (b)  o

**3. SEC USE ONLY**

**4. CITIZENSHIP OR PLACE OF ORGANIZATION**

Delaware

**NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:**

**5. SOLE VOTING POWER**

0

**6. SHARED VOTING POWER**

1,560,350

**7. SOLE DISPOSITIVE POWER**

0

**8. SHARED DISPOSITIVE POWER**

1,560,350

**9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON**

1,560,350

**10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9)  
EXCLUDES CERTAIN SHARES\***

**11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)**

6.1%

**12. TYPE OF REPORTING PERSON\***

OO

**\*SEE INSTRUCTIONS BEFORE FILLING OUT!**

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**1. NAMES OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)**

Jay R. Petschek

**2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\***

- (a)  X
- (b)  o

**3. SEC USE ONLY**

**4. CITIZENSHIP OR PLACE OF ORGANIZATION**

United States

**NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:**

**5. SOLE VOTING POWER**

0

**6. SHARED VOTING POWER**

1,560,350

**7. SOLE DISPOSITIVE POWER**

0

**8. SHARED DISPOSITIVE POWER**

1,560,350

**9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON**

1,560,350

**10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9)  
EXCLUDES CERTAIN SHARES\***

**11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)**

6.1%

**12. TYPE OF REPORTING PERSON\***

IN

**\*SEE INSTRUCTIONS BEFORE FILLING OUT!**

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**1. NAMES OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)**

Steven Major

**2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\***

- (a)  X
- (b)  o

**3. SEC USE ONLY**

**4. CITIZENSHIP OR PLACE OF ORGANIZATION**

United States

**NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:**

**5. SOLE VOTING POWER**

0

**6. SHARED VOTING POWER**

1,560,350

**7. SOLE DISPOSITIVE POWER**

0

**8. SHARED DISPOSITIVE POWER**

1,560,350

**9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON**

1,560,350

**10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9)  
EXCLUDES CERTAIN SHARES\***

**11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)**

6.1%

**12. TYPE OF REPORTING PERSON\***

IN

**\*SEE INSTRUCTIONS BEFORE FILLING OUT!**

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**ITEM 1(a). NAME OF ISSUER:**

KapStone Paper And Packaging Corporation f/k/a Stone Arcade Acquisition Corp. (the "Issuer")

**ITEM 1(b). ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES:**

c/o Stone Kaplan Investment, LLC  
One Northfield Plaza, Suite 480

Northfield, Illinois 60093

**ITEM 2(a). NAME OF PERSON FILING:**

The names of the persons filing this statement on Schedule 13G are: Corsair Capital Partners, L.P. ( Corsair Capital ), Corsair Long Short International, Ltd. ( Corsair International ), Corsair Select, L.P. ( Corsair Select ), Corsair Capital Partners 100, L.P. ( Corsair 100 ), Corsair Capital Investors, Ltd. ( Corsair Investors ), Corsair Capital Management, L.L.C. ( Corsair Management ), Jay R. Petschek ( Mr. Petschek ) and Steven Major ( Mr. Major ) and collectively, the Reporting Persons ). Corsair Management is the investment manager of Corsair Capital, Corsair International, Corsair Select, Corsair 100 and Corsair Investors. Messrs. Petschek and Major are the controlling persons of Corsair Management.

**ITEM 2(b). ADDRESS OF PRINCIPAL BUSINESS OFFICE OR, IF NONE, RESIDENCE:**

The principal business address for each of Corsair Capital, Corsair Select, Corsair 100, Corsair Management, Mr. Petschek and Mr. Major is 350 Madison Avenue, 9th Floor, New York, New York 10017.

The principal business address for each of Corsair International and Corsair Investors is c/o M&C Corporate Services Limited, P.O. Box 309, Uglund House, 113 South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies.

**ITEM 2(c). CITIZENSHIP:**

Each of Corsair Capital, Corsair Select and Corsair 100 is a limited partnership formed under the laws of the State of Delaware.

Corsair Management is a limited liability company formed under the laws of the State of Delaware.

Each of Corsair International and Corsair Investors is an exempted company formed under the laws of the Cayman Islands, British West Indies.

Each of Mr. Petschek and Mr. Major is a citizen of the United States.

**ITEM 2(d). TITLE OF CLASS OF SECURITIES:**

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

**ITEM 2(e).**  
861575 10 8

**CUSIP NUMBER:**

**ITEM 3. IF THIS STATEMENT IS FILED PURSUANT TO RULE 13d-1(b), OR 13d-2(b) OR (c), CHECK WHETHER THE PERSON FILING IS A:**

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

If this statement is filed pursuant to Rule 13d-1(c), check this box

**ITEM 4. OWNERSHIP.**

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

(a) Amount beneficially owned:

Corsair Capital beneficially owns 940,377 shares of Common Stock consisting of: (a) 564,989 shares of Common Stock, and (b) warrants ( Warrants ) issued by the Issuer exercisable for 375,388 shares of Common Stock.

Corsair International beneficially owns 22,683 shares of Common Stock consisting of: (a) 19,041 shares of Common Stock, and (b) Warrants exercisable for 3,642 shares of Common Stock.

Corsair Select beneficially owns 433,477 shares of Common Stock consisting of: (a) 281,371 shares of Common Stock, and (b) Warrants exercisable for 152,106 shares of Common Stock.

Corsair 100 beneficially owns 42,902 shares of Common Stock consisting of: (a) 26,478 shares of Common Stock, and (b) Warrants exercisable for 16,424 shares of Common Stock.

Corsair Investors beneficially owns 120,911 shares of Common Stock consisting of: (a) 73,597 shares of Common Stock, and (b) Warrants exercisable for 47,314 shares of Common Stock.

Corsair Management, as the investment manager of each of Corsair Capital, Corsair International, Corsair 100 and Corsair Investors, is deemed to beneficially own the 1,560,350 shares of Common Stock beneficially owned by them.

Mr. Petschek, as a controlling person of Corsair Management, is deemed to beneficially own the 1,560,350 shares of Common Stock beneficially owned by Corsair Management.

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Mr. Major, as a controlling person of Corsair Management, is deemed to beneficially own the 1,560,350 shares of Common Stock beneficially owned by Corsair Management.

Collectively, the Reporting Persons beneficially own 1,560,350 shares of Common Stock.

(b) Percent of Class:

Corsair Capital's beneficial ownership of 940,377 shares of Common Stock represents 3.7% of all the outstanding shares of Common Stock.

Corsair International's beneficial ownership of 22,683 shares of Common Stock represents 0.1% of all the outstanding shares of Common Stock.

Corsair Select's beneficial ownership of 433,477 shares of Common Stock represents 1.7% of all the outstanding shares of Common Stock.

Corsair 100's beneficial ownership of 42,902 shares of Common Stock represents 0.2% of all the outstanding shares of Common Stock.

Corsair Investors' beneficial ownership of 120,911 shares of Common Stock represents 0.5% of all the outstanding shares of Common Stock.

Corsair Management's beneficial ownership of 1,560,350 shares of Common Stock represents 6.1% of all the outstanding shares of Common Stock.

The 1,560,350 shares of Common Stock deemed to be beneficially owned by Mr. Petschek represent 6.1% of all the outstanding shares of Common Stock.

The 1,560,350 shares of Common Stock deemed to be beneficially owned by Mr. Major represent 6.1% of all the outstanding shares of Common Stock.

Collectively, the Reporting Persons beneficially own 1,560,350 shares of Common Stock representing 6.1% of all the outstanding shares of Common Stock.

(c) Number of shares as to which such person has:

(i) Sole power to vote or to direct the vote

Not applicable.

(ii) Shared power to vote or to direct the vote of shares of Common Stock:

Corsair Capital, Corsair Management, Mr. Petschek and Mr. Major have shared power to vote or direct the vote of 940,377 shares of Common Stock.

Corsair International, Corsair Management, Mr. Petschek and Mr. Major have the shared power to vote or direct the vote of 22,683 shares of Common Stock.

Corsair Select, Corsair Management, Mr. Petschek and Mr. Major have the shared power to vote or direct the vote of 433,477 shares of Common Stock.

Corsair 100, Corsair Management, Mr. Petschek and Mr. Major have the shared power to vote or direct the vote of 42,902 shares of Common Stock.

Corsair Investors, Corsair Management, Mr. Petschek and Mr. Major have shared power to vote or direct the vote of 120,911 shares of Common Stock.

(iii) Sole power to dispose or to direct the disposition of shares of Common Stock:

Not applicable.

(iv) Shared power to dispose or to direct the disposition of shares of Common Stock:

Corsair Capital, Corsair Management, Mr. Petschek and Mr. Major have the power to dispose or to direct the disposition of 940,377 shares of Common Stock.





Corsair International, Corsair Management, Mr. Petschek and Mr. Major have the power to dispose or to direct the disposition of 22,683 shares of Common Stock.

Corsair Select, Corsair Management, Mr. Petschek and Mr. Major have the power to dispose or to direct the disposition of 433,477 shares of Common Stock.

Corsair 100, Corsair Management, Mr. Petschek and Mr. Major have the power to dispose or to direct the disposition of 42,902 shares of Common Stock.

Corsair Investors, Corsair Management, Mr. Petschek and Mr. Major have the power to dispose or to direct the disposition of 120,911 shares of Common Stock.

**ITEM 5. OWNERSHIP OF FIVE PERCENT OR LESS OF A CLASS.**

If this statement is being filed to report the fact that as of the date hereof the Reporting Persons have ceased to be the beneficial owner of more than five percent of the class of securities, check the following o.

**ITEM 6. OWNERSHIP OF MORE THAN FIVE PERCENT ON BEHALF OF ANOTHER PERSON.**

Not applicable.

**ITEM 7. IDENTIFICATION AND CLASSIFICATION OF THE SUBSIDIARY WHICH ACQUIRED THE SECURITY BEING REPORTED ON BY THE PARENT HOLDING**

**COMPANY.**

Not applicable.

**ITEM 8. IDENTIFICATION AND CLASSIFICATION OF MEMBERS OF THE GROUP.**

See Exhibit B.

**ITEM 9. NOTICE OF DISSOLUTION OF GROUP.**

Not applicable.

**ITEM 10. CERTIFICATION.**

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

**SIGNATURE**

After reasonable inquiry and to the best of its knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete, and correct.

Dated: January 8, 2007

CORSAIR CAPITAL PARTNERS, L.P.  
By: Corsair Capital Advisors, L.L.C., General Partner

By: /s/ Steven Major  
Steven Major, Managing Member

CORSAIR LONG SHORT INTERNATIONAL, LTD.  
By: Corsair Capital Management, L.L.C., Director

By: /s/ Steven Major  
Steven Major, Managing Member

CORSAIR SELECT, L.P.  
By: Corsair Select Advisors, L.L.C., General Partner

By: /s/ Steven Major  
Steven Major, Managing Member

CORSAIR CAPITAL INVESTORS, LTD.  
By: Corsair Capital Management, L.L.C., Director

By: /s/ Steven Major  
Steven Major, Managing Member

CORSAIR CAPITAL PARTNERS 100, L.P.  
By: Corsair Capital Advisors, L.L.C., General Partner

By: /s/ Steven Major  
Steven Major, Managing Member

CORSAIR CAPITAL MANAGEMENT, L.L.C.

By: /s/ Steven Major  
Steven Major, Managing Member

/s/ Jay R. Petschek  
Jay R. Petschek

/s/ Steven Major  
Steven Major



**EXHIBIT A**

**JOINT FILING AGREEMENT**

The undersigned hereby agree that the statement on Schedule 13G with respect to the Common Stock of KapStone Paper And Packaging Corporation (f/k/a Stone Arcade Acquisition Corp.) dated as of January 8, 2007 is, and any further amendments thereto signed by each of the undersigned shall be, filed on behalf of each of the undersigned pursuant to and in accordance with the provisions of Rule 13d-1(k) under the Securities Exchange Act of 1934, as amended.

Dated: January 8, 2007

CORSAIR CAPITAL PARTNERS, L.P.  
By: Corsair Capital Advisors, L.L.C., General Partner

By: /s/ Steven Major  
Steven Major, Managing Member

CORSAIR LONG SHORT INTERNATIONAL, LTD.  
By: Corsair Capital Management, L.L.C., Director

By: /s/ Steven Major  
Steven Major, Managing Member

CORSAIR SELECT, L.P.  
By: Corsair Select Advisors, L.L.C., General Partner

By: /s/ Steven Major  
Steven Major, Managing Member

CORSAIR CAPITAL INVESTORS, LTD.  
By: Corsair Capital Management, L.L.C., Director

By: /s/ Steven Major  
Steven Major, Managing Member

CORSAIR CAPITAL PARTNERS 100, L.P.  
By: Corsair Capital Advisors, L.L.C., General Partner

By: /s/ Steven Major  
Steven Major, Managing Member

CORSAIR CAPITAL MANAGEMENT, L.L.C.

By: /s/ Steven Major  
Steven Major, Managing Member

/s/ Jay R. Petschek  
Jay R. Petschek

/s/ Steven Major  
Steven Major



**EXHIBIT B**

Corsair Capital Partners, L.P.

Corsair Long Short International, Ltd.

Corsair Select, L.P.

Corsair Capital Partners 100, L.P.

Corsair Capital Investors, Ltd.

Corsair Capital Management, L.L.C.

Jay R. Petschek

Steven Major