

**AUDIT COMMITTEE
of the
BOARD OF DIRECTORS
of
CLEARWATER PAPER CORPORATION**

**Procedures for the
Reporting of Questionable Accounting and Auditing Matters**

Effective December 16, 2008

Purpose

The purpose of this Policy is to establish procedures for the receipt, retention and treatment of complaints regarding questionable accounting and auditing matters and procedures that encourage the reporting of such questionable matters as mandated by the Sarbanes-Oxley Act of 2002.

Policy

The Audit Committee believes it is the obligation of employees of Clearwater Paper Corporation (the "Company") and its subsidiaries to report any questionable accounting, auditing or financial practices, procedures or activities to the Chair of the Audit Committee. Reports or complaints may be submitted on a confidential basis either in person or anonymously.

The Company will not allow retaliation against an employee for reporting a possible violation unless it can be shown that the report was knowingly false. Retaliation for reporting a federal offense is illegal under federal law and prohibited under these procedures. Such retaliation will result in discipline up to and including termination of employment and may also result in criminal prosecution. An employee is protected from retaliation even if the investigator does not agree that there has been a violation. However, if the employee making the report was involved in improper activity, the fact that she or he reported it will not necessarily prevent the employee from being disciplined for his or her participation in the violation. In these circumstances, the Company may consider the employee's conduct in promptly reporting the information as a mitigating factor in any disciplinary decision.

Procedures

1. The Audit Committee directs the Company and its subsidiaries to communicate to all current and future employees the process by which an employee may submit a complaint or report irregularities or questionable financial practices substantially as set forth in Annex A.
2. Any complaint or disclosure of questionable financial practices made to an executive of the Company will be immediately reported to the Chair of the Audit Committee for review and investigation.

3. The Audit Committee will investigate complaints reported directly or referred to it. In its investigation, the Audit Committee may interview employees, request and review all relevant Company documents, and request that an auditor or counsel (which auditor or counsel may be other than one usually engaged by the Company) investigate the complaint at the Company's expense. A written record of the complaint or disclosure and its disposition will be prepared by or at the direction of a member of the Audit Committee. The Audit Committee may determine, based on the relevant circumstances, to provide a copy of the disposition report with the complainant.
4. Upon the completion of an investigation, the Audit Committee will, if appropriate, make recommendations for any changes in financial practices, procedures and reporting and recommend to the Board of Directors any disciplinary actions for wrongful acts up to and including termination of employment, and if necessary, reporting to the appropriate governmental authorities.

Clearwater Paper Corporation

Employee Complaint Procedures for Accounting and Auditing Matters

The Company is committed to maintaining compliance with all applicable securities laws, regulations and rules, accounting standards, accounting controls and audit practices. We believe it is the obligation of our employees to help maintain the integrity of our company by reporting any misconduct or suspected misconduct. To assist in these efforts, any employee of the Company or any subsidiary of the Company may submit a complaint regarding questionable accounting or auditing matters (“Accounting and Auditing Matters”) to the management of the Company, through the procedure described below. The Company’s Audit Committee will oversee treatment of employee concerns in this area.

The Company’s Audit Committee has established the following procedures for (1) the confidential, anonymous submission by employees of concerns regarding Accounting and Auditing Matters and (2) the receipt, retention and treatment of complaints regarding Accounting and Auditing Matters.

Submission of Complaints

- Employees may report evidence of wrongdoing, complaints, or concerns relating to Accounting and Auditing Matters to the Chair of the Audit Committee at any time. This report may be made in person or in writing, and may be anonymous, at the employee’s discretion, to the Chair of the Audit Committee, as follows:
 - Via the Company’s Whistleblower Hotline at 1-877-780-9371;
 - By e-mail to AuditChair@clearwaterpaper.com; or
 - By mail to Clearwater Paper Corporation, ATTN: Audit Committee Chair, 601 W. Riverside Avenue, Suite 1100, Spokane, Washington 99201.

These reports will be forwarded directly to the Chair of the Audit Committee.

- Employees submitting a report on an anonymous basis are strongly encouraged to keep a copy of the report (if made in writing) and a record of the time and date of their submission, as well as a description of the matter as reported if the report was not in writing.
- Employees are encouraged to provide as much specific information as possible, including names, dates, places, events that took place, and the employee’s perception of why the incident(s) may be misconduct.

Scope of Matters Covered by These Procedures

These procedures relate to employee complaints relating to any Accounting and Auditing Matter, including, for example:

- fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Company;
- fraud or deliberate error in the recording and maintaining of financial records of the Company;
- deficiencies in or noncompliance with the Company's internal accounting controls;
- misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports of the Company; or
- deviation from full and fair reporting of the Company's financial condition.

Treatment of Complaints

- Upon receipt of a complaint, the Chair of the Audit Committee will (i) determine whether the complaint actually pertains to Accounting and Auditing Matters and (ii) when possible, acknowledge receipt of the complaint to the sender.
- Complaints relating to Accounting and Auditing Matters will be reviewed, under Audit Committee direction and oversight, by the Company's internal auditor, if any, or such other persons as the Audit Committee determines to be appropriate. Confidentiality will be maintained to the fullest extent possible, consistent with the need to conduct an adequate review.
- Prompt and appropriate corrective action will be taken when and as warranted in the judgment of the Audit Committee.
- The Company will not allow retaliation against an employee for reporting a possible violation unless it can be shown that the report was knowingly false. Retaliation for reporting a federal offense is illegal under federal law and prohibited under these procedures. Such retaliation will result in discipline up to and including termination of employment and may also result in criminal prosecution. An employee is protected from retaliation even if the investigator does not agree that there has been a violation. However, if the employee making the report was involved in improper activity, the fact that he or she reported it will not necessarily prevent the employee from being disciplined for his or her participation in the violation. In these circumstances, the Company may consider the employee's conduct in promptly reporting the information as a mitigating factor in any disciplinary decision.

Reporting and Retention of Complaints and Investigations

The Audit Committee will maintain a log of all complaints, tracking their receipt, investigation and resolution and shall prepare a periodic summary thereof for the Audit Committee.