



## Clearwater Paper Completes Acquisition of Cellu Tissue Holdings, Inc.

SPOKANE, Wash.--(BUSINESS WIRE)-- **Clearwater Paper Corporation (NYSE:CLW)** today announced it has completed its acquisition of Cellu Tissue Holdings, Inc., an Alpharetta, Georgia-based manufacturer of tissue products. Clearwater Paper, headquartered in Spokane, Wash., now has 14 manufacturing locations in the U.S. and Canada, with a fifteenth under construction at Shelby, N.C.

"The acquisition significantly expands our tissue business to serve a broad customer base through a truly national network of sales and management professionals, talented manufacturing employees and strategically located production facilities," said Gordon Jones, chairman, president and CEO. "The acquisition supports our strategy to grow our private label tissue business while providing the opportunity to diversify into new channels."

"We are excited about the opportunities the combined company offers our customers, and are pleased to welcome our new employees to the Clearwater Paper family," said Bob DeVleming, vice president of consumer products. "We are ready to put the combined talents of all of our employees into action to best support Clearwater Paper's existing and new customers."

Clearwater Paper paid \$12 per share in cash for Cellu Tissue's outstanding common stock and funded the acquisition using a combination of existing cash on hand and \$375 million of debt financing. The purchase price was approximately \$530 million, including equity value of approximately \$247 million, retired debt of approximately \$267 million and assumed debt of approximately \$16 million. The retired debt amount included approximately \$32.5 million from Cellu Tissue's credit facility.

On December 27, 2010, and in connection with the acquisition of Cellu Tissue, Clearwater Paper also completed its previously announced cash tender offer to purchase any and all of Cellu Tissue's outstanding 11½% Senior Secured Notes due 2014. The tender offer expired at 11:00 a.m., New York City time, on December 27, 2010. Based on the final tabulation provided by D.F. King & Co., Inc., the depositary and information agent for the tender offer, the aggregate principal amount of Cellu Tissue notes that were validly tendered and not validly withdrawn prior to the expiration time was \$234.479 million, representing 99.99% in aggregate principal amount of the Cellu Tissue Notes. Clearwater Paper has accepted for purchase all Cellu Tissue Notes validly tendered and not validly withdrawn prior to the expiration time, with settlement occurring today, December 27, 2010.

### FORWARD LOOKING STATEMENTS

This press release contains certain forward-looking statements regarding Clearwater Paper and its acquisition of Cellu Tissue, including but not limited to statements regarding the strategic and financial benefits of the acquisition of Cellu Tissue, opportunities for growth with existing customers and new customers in new channels, Clearwater Paper's strategy to grow its private label tissue business, and the construction of a manufacturing facility at Shelby, N.C. Actual events or results may differ materially from those contained in these forward-looking statements. Among the important factors that could cause future events or results to vary from those addressed in the forward-looking statements include, without limitation, risks and uncertainties arising from difficulties with the integration process or the realization of the benefits expected from the acquisition of Cellu Tissue; general economic conditions in the regions and industries in which Clearwater Paper operates; and changes in the cost and availability of wood fiber used in the production of the company's products. In addition, please refer to the documents that Clearwater Paper files with the Securities and Exchange Commission ("SEC") on Forms 10-K, 10-Q and 8-K. The filings by Clearwater Paper identify and address other important factors that could cause events or results to vary from the forward-looking statements set forth in this press release. Clearwater Paper is under no duty to update any of the forward-looking statements after the date of this press release to conform to actual results.

### ABOUT CLEARWATER PAPER

Clearwater Paper manufactures quality consumer tissue, away-from-home tissue, hard roll tissue, machine glazed tissue, bleached paperboard, pulp and wood products at 14 manufacturing locations in the U.S. and Canada. The company is a premier supplier of private label tissue to major retailers and wholesale distributors. This includes grocery, drug, mass merchants and discount stores. The company also produces bleached paperboard used by quality-conscious printers and packaging converters. Clearwater Paper's 3,700 employees build shareholder value by developing strong customer partnerships through quality and service.

For additional information on Clearwater Paper, please visit our website at [www.clearwaterpaper.com](http://www.clearwaterpaper.com).

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