



June 18, 2014

Clearwater Paper Provides Update to Second Quarter Outlook

SPOKANE, Wash.--(BUSINESS WIRE)-- **Clearwater Paper Corporation (NYSE: CLW)** today narrowed its outlook for the second quarter ending on June 30, 2014 from the consolidated revenue and operating margin ranges provided as part of the company's first quarter 2014 earnings call on April 23, 2014 to the ranges provided in the table below:

	Q2-2014 Outlook	
	<u>On April 23, 2014</u>	<u>"UPDATED" June 18, 2014</u>
Revenues:	Up 3-5% from Q1-14	Up 3-4% from Q1-14
Operating Margin:	6-8%	6-7%

The ranges have been narrowed to the lower end due to operational issues at the company's Arkansas pulp and paperboard facility which have more than offset record shipments from its Lewiston pulp and paperboard facility. The Arkansas operational issues caused both the pulp mill and paper machine to consume elevated levels of energy and chemicals while producing at lower throughputs which is negatively impacting production costs and shipment volumes in the second quarter. Additionally, wet weather conditions in the southeastern U.S. have driven fiber prices higher.

"While we believe that our Arkansas team has resolved the paper machine issues, the challenges with the pulp mill are not expected to be fully resolved until the next major maintenance at our Arkansas facility scheduled for March of 2015. As a result, we expect a \$1 million cost headwind per quarter through the first quarter of 2015," said Linda K. Massman, president and chief executive officer. "On the tissue side of the business, we are very pleased with the progressive strengthening in orders in May and June; however, that has been offset by persistently high market pulp prices and lower conventional tissue pricing," said Massman. "Overall, we are intensely focused on bringing efficiencies to every part of our operation."

An updated "Outlook" slide providing the company's current expectations and estimates as to certain costs, pricing, shipment and production factors for the second quarter of 2014 can be accessed by clicking [here](#).

ABOUT CLEARWATER PAPER

Clearwater Paper manufactures quality consumer tissue, away-from-home tissue, hard roll tissue, machine glazed tissue, bleached paperboard and pulp at 13 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 employees build shareholder value by developing strong customer partnerships through quality and service.

FORWARD-LOOKING STATEMENTS

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 as amended, including the company's expectations for its revenues and operating margin in the second quarter and the expected continuing increase in costs until maintenance is completed in 2015. These forward-looking statements are based on current expectations, estimates, assumptions and projections that are subject to change, and actual results may differ materially from the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, customer acceptance and quantity and timing of purchases of the company's new TAD products; competitive pricing pressures for the company's products, including as a result of increased capacity as additional manufacturing facilities are operated by the company's competitors; difficulties with the optimization and realization of the benefits expected from the company's new TAD paper machine and converting lines in North Carolina; the loss of or changes in prices in regards to a significant customer; manufacturing or operating disruptions, including IT system failures, equipment malfunction and damage to the company's manufacturing facilities; changes in the cost and availability of wood fiber and wood pulp; changes in transportation costs and disruptions in transportation services; labor disruptions; changes in costs for and availability of packaging supplies, chemicals, energy and maintenance and repairs; changes in customer product preferences and

competitors' product offerings; changes in expenses and required contributions associated with the company's pension plans; environmental liabilities or expenditures; changes in the U.S. and international economies and in general economic conditions in the regions and industries in which the company operates; increased supply and pricing pressures resulting from increasing Asian paper production capabilities; cyclical industry conditions; reliance on a limited number of third-party suppliers for raw materials; inability to successfully implement the company's expansion strategies; the company's qualification to retain, or ability to utilize, tax credits associated with alternative fuels or cellulosic biofuels and the tax treatment associated with receipt of such credits; and other risks and uncertainties described from time to time in the company's public filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2013. The forward-looking statements are made as of the date of this press release and the company does not undertake to update any forward-looking statements based on new developments or changes in the company's expectations.

For additional information on Clearwater Paper, please visit our website at www.clearwaterpaper.com.

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Source: Clearwater Paper Corporation

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