

Clearwater Paper Corporation

Second Quarter 2014
Supplemental Information

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Forward-Looking Statements

This supplemental information contains, in addition to historical information, certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding outlook for Q3 2014, production, product volumes shipped, product pricing and sales mix, pulp costs, wood fiber costs and supply, chemical costs, operational and packaging supply costs, transportation costs, energy costs including natural gas, cost and timing of major maintenance and repairs, selling, general, and administrative expenses, corporate expenses, cost reductions, segment and consolidated EBITDA margins, and estimated and pro forma Q3 2014 EBITDA. These forward-looking statements are based on management's current expectations, estimates, assumptions and projections that are subject to change. Our actual results of operations may differ materially from those expressed or implied by the forward-looking statements contained in this presentation. Important factors that could cause or contribute to such differences include the risks and uncertainties described from time to time in the company's public filings with the Securities and Exchange Commission, as well as the following:

- customer acceptance, timing and quantity of purchases of our new through-air-dried, or TAD, products;
- competitive pricing pressures for our products, including as a result of increased capacity as additional manufacturing facilities are operated by our competitors;
- difficulties with the optimization and realization of the benefits expected from our new TAD paper machine and converting lines in Shelby, North Carolina;
- the loss of or changes in prices in regards to a significant customer;
- manufacturing or operating disruptions, including equipment malfunction and damage to our manufacturing facilities caused by fire or weather-related events and IT system failures;
- 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 our 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 we operate;
- 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 our expansion strategies;
- inability to fund our debt obligations;
- restrictions on our business from debt covenants and terms;
- changes in laws, regulations or industry standards affecting our business; and
- our 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.

Forward-looking statements contained in this presentation present management's views only as of the date of this presentation. We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise.

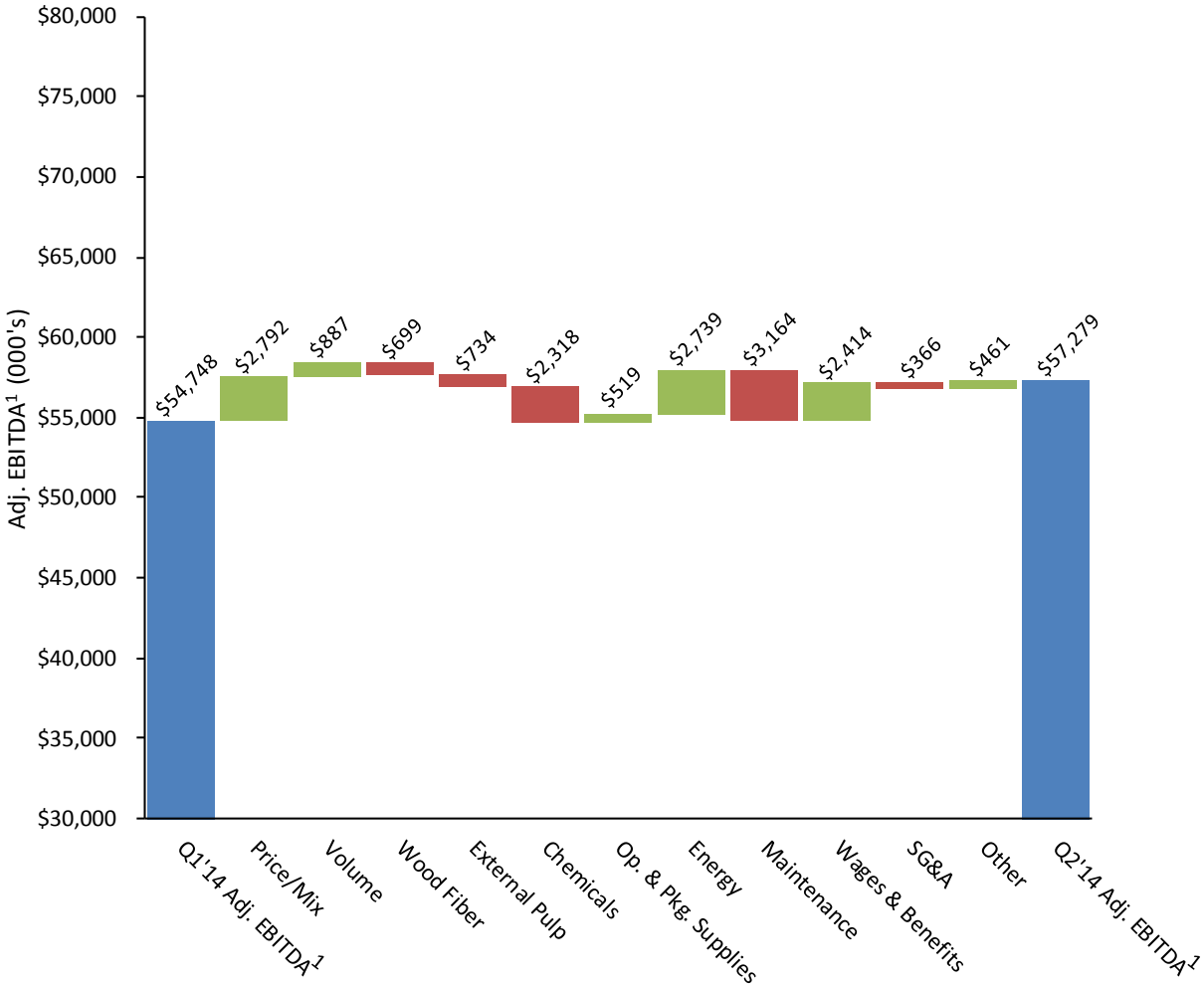
Financial Summary
(Unaudited)

(Dollars in thousands - except per-share amounts)	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Updated Q2'14 Outlook	Six Months Ended June 30, 2013	Six Months Ended June 30, 2014
Net sales	**$ 460,824**	**$ 471,002**	**$ 487,845**	**$ 470,159**	**$ 484,920**	**$ 498,759**	**3-4% higher**	**$ 931,826**	**$ 983,679**
Adjusted gross profit[1]	**$ 46,798**	**$ 57,494**	**$ 48,325**	**$ 71,819**	**$ 62,982**	**$ 66,865**		**$ 104,292**	**$ 129,847**
Adjusted gross profit margin[1,2]	10.2%	12.2%	9.9%	15.3%	13.0%	13.4%		11.2%	13.2%
Adjusted selling, general and administrative expenses[1]	**($30,660)**	**($27,908)**	**($27,405)**	**($29,074)**	**($30,465)**	**($31,601)**		**($58,568)**	**($62,066)**
Adjusted operating income (loss)[1]	**$ 16,138**	**$ 29,586**	**$ 20,920**	**$ 42,745**	**$ 32,517**	**$ 35,264**		**$ 45,724**	**$ 67,781**
Consumer Products	10,307	15,828	15,162	17,479	8,659	14,922		26,135	23,581
Pulp and Paperboard	17,553	24,772	16,289	37,167	36,776	33,635		42,325	70,411
Corporate	(11,722)	(11,014)	(10,531)	(11,901)	(12,918)	(13,293)		(22,736)	(26,211)
Adjusted operating margin[1,3]	3.5%	6.3%	4.3%	9.1%	6.7%	7.1%	**6-7%**	4.9%	6.9%
Interest expense, net	**($10,982)**	**($11,094)**	**($10,708)**	**($11,252)**	**($10,734)**	**($10,688)**		**($22,076)**	**($21,422)**
Adjusted income tax provision[1]	**($2,713)**	**($6,913)**	**($3,776)**	**($8,370)**	**($7,881)**	**($9,323)**		**($9,626)**	**($17,204)**
Adjusted net earnings[1]	**$ 2,443**	**$ 11,579**	**$ 6,436**	**$ 23,123**	**$ 13,902**	**$ 15,253**		**$ 14,022**	**$ 29,155**
Depreciation and amortization expense	22,151	23,253	22,180	22,688	22,231	22,015		45,404	44,246
Adjusted EBITDA[1]	**$ 38,289**	**$ 52,839**	**$ 43,100**	**$ 65,433**	**$ 54,748**	**$ 57,279**		**$ 91,128**	**$ 112,027**
Consumer Products	26,399	32,858	31,164	33,552	24,149	29,993		59,257	54,142
Pulp and Paperboard	23,212	30,550	22,047	43,238	43,046	39,654		53,762	82,700
Corporate	(11,322)	(10,569)	(10,111)	(11,357)	(12,447)	(12,368)		(21,891)	(24,815)
Adjusted EBITDA margin[1,4]	**8.3%**	**11.2%**	**8.8%**	**13.9%**	**11.3%**	**11.5%**		**9.8%**	**11.4%**
Diluted adjusted net earnings per common share[1]	**$ 0.11**	**$ 0.51**	**$ 0.29**	**$ 1.09**	**$ 0.66**	**$ 0.74**		**$ 0.61**	**$ 1.40**
Debt to rolling four quarter total Adjusted EBITDA[1]	**2.9**	**3.1**	**3.4**	**3.3**	**3.0**	**2.9**		**3.1**	**2.9**

[1] Non-GAAP measure – See definition and reconciliation to GAAP.
[2] Adjusted gross profit margin is defined as Adjusted gross profit divided by Net sales.
[3] Adjusted operating margin is defined as Adjusted operating income divided by Net sales.
[4] Adjusted EBITDA margin is defined as Adjusted EBITDA divided by Net sales.

Q2'14 vs. Q1'14
Consolidated Adjusted EBITDA[1] Bridge

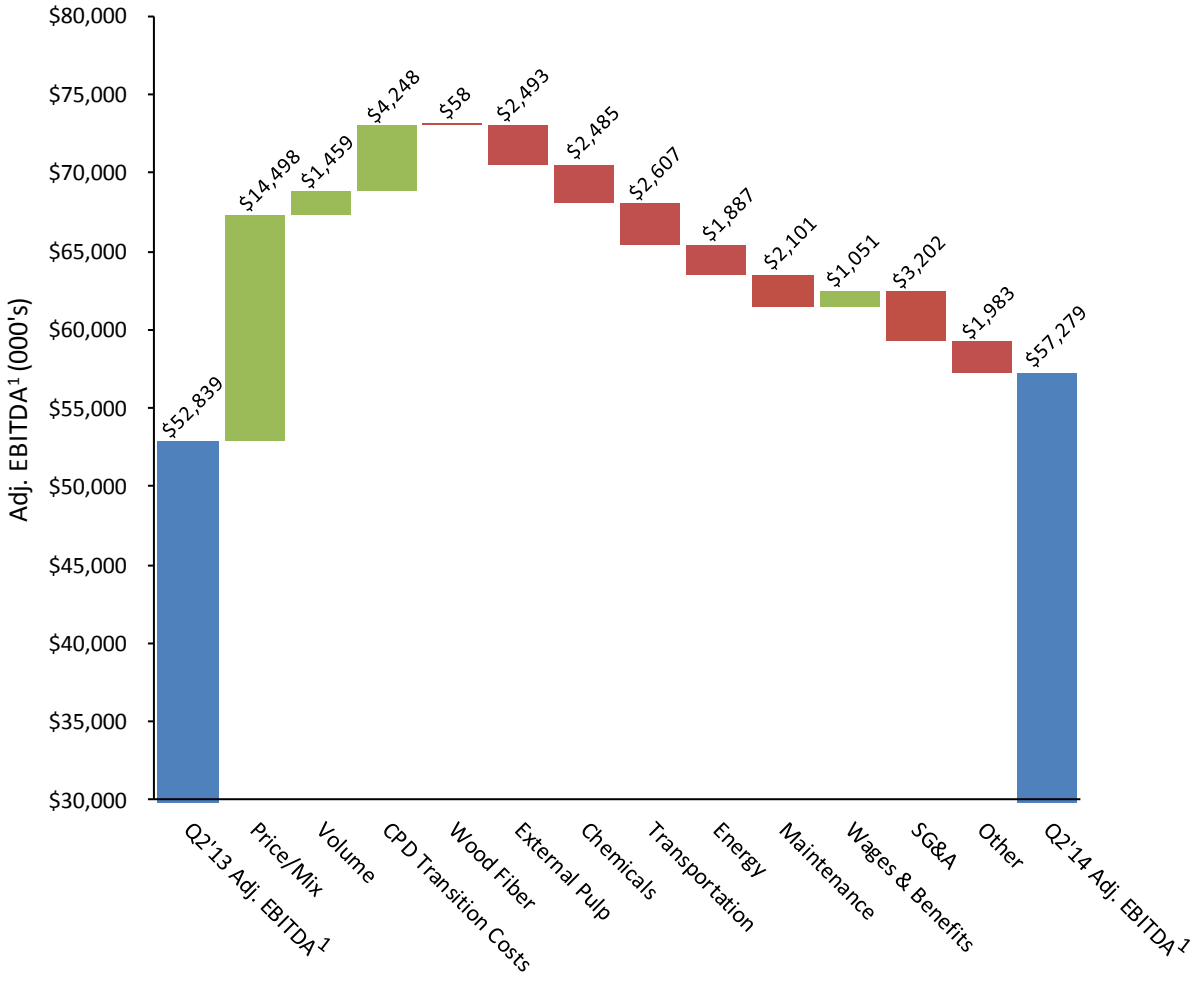
Price/Mix	Higher paperboard pricing from previously announced price increase partially offset by slightly lower retail tissue pricing
Volume	Higher shipments of tissue, mostly offset by lower paperboard shipments
Wood Fiber	Wet weather causing higher log prices for Arkansas mill
External Pulp	Higher pulp pricing, primarily in softwood
Chemicals	Increased usage due to operational issues at Arkansas mill
Operating & Packaging Supplies	Lower operating supplies primarily in converting operations, partially offset by higher packaging and costs relating to Arkansas operational issues
Energy	Lower costs due to reduced usage of natural gas and lower pricing
Maintenance	Boiler maintenance performed during Q2'14 at both Idaho and Arkansas facilities, partially offset by lower scheduled CPD maintenance
Wages & Benefits	Realization of facility closure savings and lower overall medical and workers' compensation costs



[1] Non-GAAP measure – See definition and reconciliation to GAAP.

Q2'14 vs. Q2'13
Consolidated Adjusted EBITDA[1] Bridge

Price/Mix	Primarily due to increased paperboard pricing and favorable mix, as well as benefits from tissue mix towards TAD products
Volume	Slightly higher non-retail tissue shipments and higher paperboard shipments due to stronger demand
CPD Transition Costs	Normalized operations after transition in prior year
Wood Fiber	Wet weather causing higher log prices for Arkansas mill, mostly offset by positive impact from Idaho operations
External Pulp	Higher pulp pricing for softwood, partially offset by lower hardwood
Chemicals	Higher overall costs for polyethylene and papermaking chemicals
Transportation	Higher costs from tight carrier supply
Energy	Higher natural gas and electricity pricing
Maintenance	Boiler maintenance performed during Q2'14 at both Idaho and Arkansas facilities
Wages & Benefits	Facility closure savings, as well as favorable medical claims experience and lower pension costs
SG&A	Higher IT spending related to ERP implementation, as well as higher profit-dependent accruals



[1] Non-GAAP measure – See definition and reconciliation to GAAP.

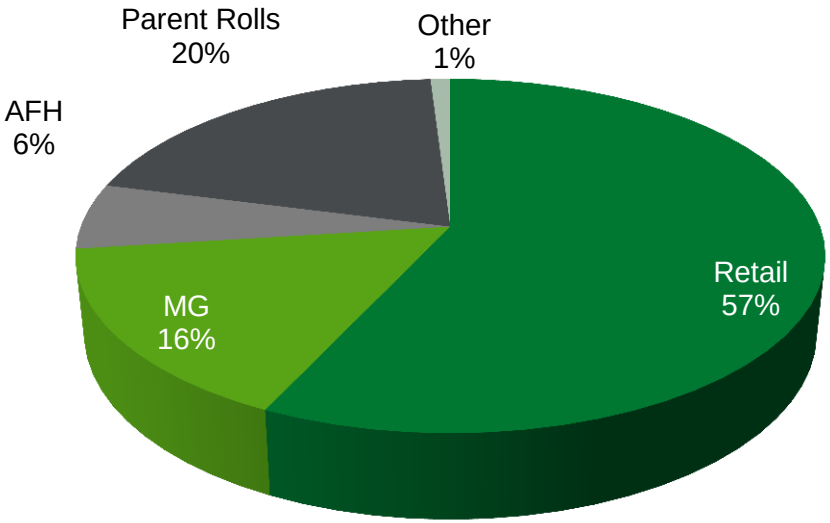
Key Segment Results – Consumer Products
(Unaudited)

	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Consumer Products Cross-Cycle Financial Model
Shipments							
Non-Retail (short tons)[1]	55,235	57,012	61,222	57,774	56,839	59,832	
Retail (short tons)	77,361	75,045	72,427	70,696	70,919	75,009	
Total Tissue Tons	**132,596**	**132,057**	**133,649**	**128,470**	**127,758**	**134,841**	
Converted Products (cases in thousands)[2]	13,781	14,021	13,990	13,342	13,437	14,101	
Sales Price							
Non-Retail ($/short ton)[1]	$ 1,432	$ 1,475	$ 1,504	$ 1,467	$ 1,489	$ 1,492	
Retail ($/short ton)	2,661	2,740	2,773	2,792	2,841	2,795	
Total Tissue	**$ 2,149**	**$ 2,194**	**$ 2,192**	**$ 2,196**	**$ 2,239**	**$ 2,217**	
Segment net sales ($ in thousands)	$ 284,902	$ 289,708	$ 292,935	$ 282,147	$ 286,508	$ 299,130	
Segment Adjusted EBITDA[3] ($ in thousands)	$ 26,399	$ 32,858	$ 31,164	$ 33,552	$ 24,149	$ 29,993	
Segment Adjusted EBITDA margin[3,4]	9.3%	11.3%	10.6%	11.9%	8.4%	10.0%	17.0%

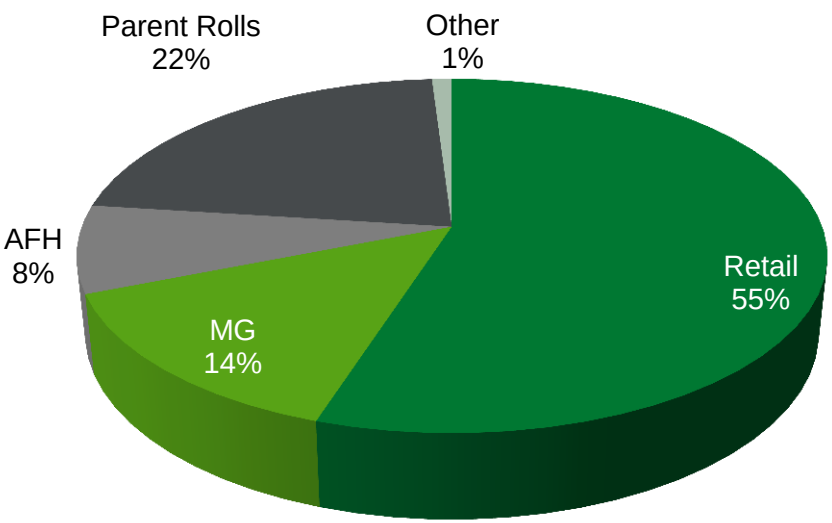
[1] Includes away-from-home (AFH), contract, machine-glazed (MG) and parent roll tissue products.
[2] Includes retail, AFH, contract and MG tissue case products.
[3] Non-GAAP measure – See definition and reconciliation to GAAP.
[4] Segment Adjusted EBITDA margin is defined as Segment Adjusted EBITDA divided by Segment net sales.

Clearwater Paper Tissue Shipments

CLW Q2'14 By Segment
(% of Tons)

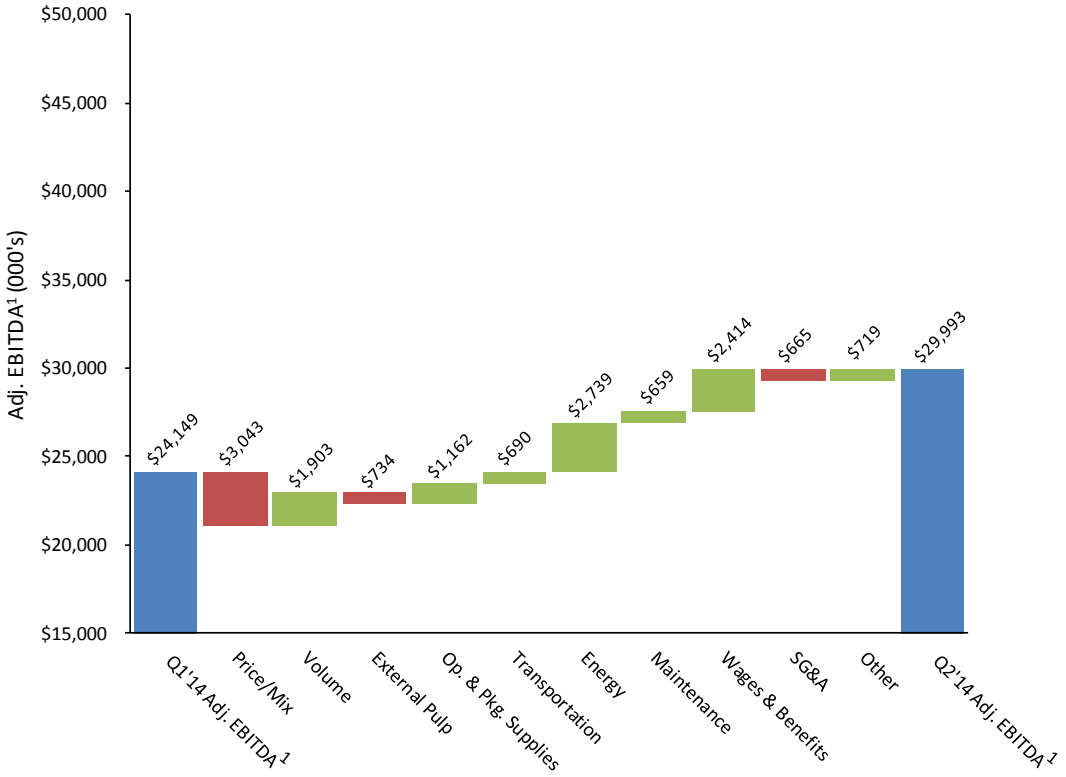


CLW Q1'14 By Segment
(% of Tons)



Q2'14 vs. Q1'14
Consumer Products Adjusted EBITDA[1] Bridge

Price/Mix	Lower conventional retail tissue pricing, partially offset by an improved mix of TAD product
Volume	Higher retail and non-retail tissue shipments due to strong demand
External Pulp	Higher pulp pricing, primarily for softwood
Operating & Packaging Supplies	Lower operating supplies primarily in converting operations, partially offset by higher packaging
Transportation	Improved costs due to reduction of weather-related issues
Energy	Lower costs due to reduced usage of natural gas and lower pricing
Maintenance	Less scheduled maintenance
Wages & Benefits	Realization of facility closure savings and lower overall medical and workers' compensation costs
SG&A	Higher selling and marketing expenses due to higher shipments



Versus Q1'14	Shipment volumes	Price/Mix	Pulp/Wood Fiber costs	Chemical costs	Op. & Pkg. Supplies	Transportation costs	Energy costs	Maintenance & Repairs	SG&A
Updated June '14 Outlook	*4-5% Higher tons* ↑	*Slightly down 1%* ↘	*Unit Cost: Slightly higher* *Volume: Up with higher shipments* ↑	*Unit Cost: Stable* *Volume: Up with higher shipments* ↗	*Unit Cost: Stable* *Volume: Up with higher shipments* ↗	*Unit Cost: Stable* *Volume: Up with higher shipments* ↗	*Unit Cost: No cold weather impact* *Volume: Up with higher shipments* ↘	*Lower* ↘	*Stable* →
Q2'14 Actual	*6% Higher tons*	*Slightly down 1%*	*Unit Cost: Slightly higher* *Volume: Up with higher shipments*	*Unit Cost: Stable* *Volume: Up with higher shipments*	*Unit Cost: Stable* *Volume: Up with higher shipments*	*Unit Cost: Stable* *Volume: Up with higher shipments*	*Unit Cost: No cold weather impact* *Volume: Up with higher shipments*	*Lower*	*Higher*

[1] Non-GAAP measure – See definition and reconciliation to GAAP.

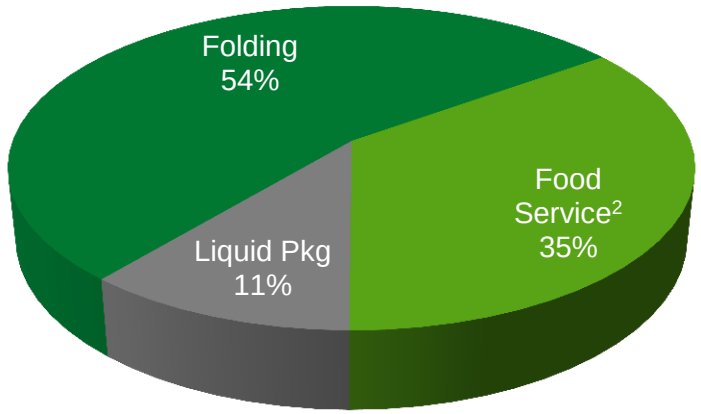
Key Segment Results – Pulp and Paperboard
(Unaudited)

	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Pulp and Paperboard Cross-Cycle Financial Model
Shipments							
Paperboard (short tons)	186,350	190,518	199,408	188,776	200,665	195,924	
Sales Price							
Paperboard ($/short ton)	$ 935	$ 946	$ 973	$ 978	$ 988	$ 1,017	
Segment net sales ($ in thousands)	$ 175,922	$ 181,294	$ 194,910	$ 188,012	$ 198,412	$ 199,629	
Segment Adjusted EBITDA[1] ($ in thousands)	$ 23,212	$ 30,550	$ 22,047	$ 43,238	$ 43,046	$ 39,654	
Segment Adjusted EBITDA margin[1,2]	13.3%	17.0%	11.3%	23.0%	21.7%	19.9%	19.0%

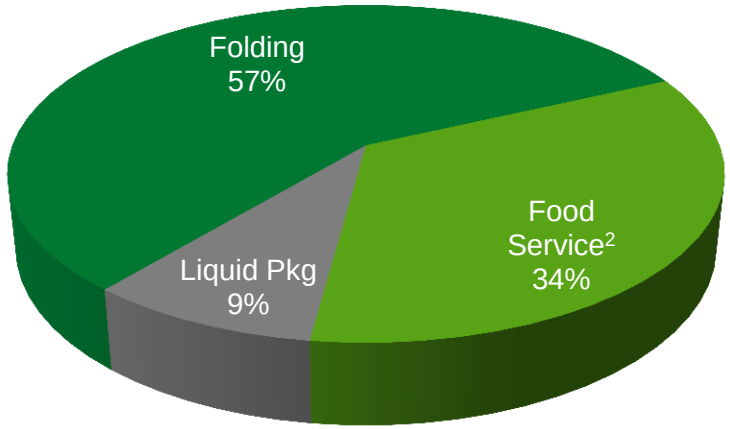
[1] Non-GAAP measure – See definition and reconciliation to GAAP.
[2] Segment Adjusted EBITDA margin is defined as Segment Adjusted EBITDA divided by Segment net sales.

Clearwater Paper Paperboard Shipments and U.S. Paperboard Market

CLW Q2'14 By Segment
(% of Tons)



CLW Q1'14 By Segment
(% of Tons)



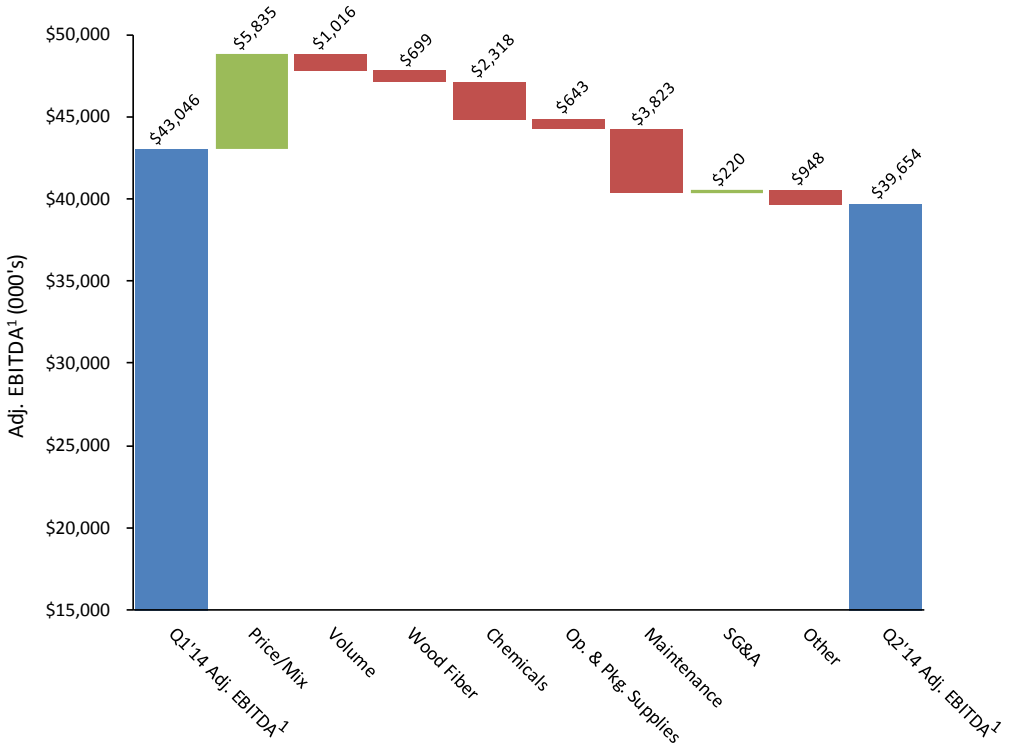
U.S. Paperboard Production		
Category	Clearwater Paper	Other
Total Domestic SBS[1] Market Share	14%	86%
Folding	17%	83%
Food Service[2]	15%	85%
Liquid Packaging	7%	93%

Data Source: American Forest and Paper Association Solid Bleached Domestic Production - May YTD 2014.

[1] Solid Bleached Sulfate.
[2] Food Service includes Cup, Plate, Dish and Tray products.

Q2'14 vs. Q1'14
Pulp and Paperboard Adjusted EBITDA[1] Bridge

Price/Mix	Higher pricing from previously announced price increase
Volume	Lower production at Arkansas mill impacted sales volume
Wood Fiber	Wet weather causing higher log prices for Arkansas mill
Chemicals	Increased usage due to operational issues at Arkansas mill
Operating & Packaging Supplies	Higher operating supplies costs due to operational issues at Arkansas mill
Maintenance	Boiler maintenance performed during Q2'14 at both Idaho and Arkansas facilities



Versus Q1'14	Shipment volumes	Price/Mix	Pulp/Wood Fiber costs	Chemical costs	Op. & Pkg. Supplies	Transportation costs	Energy costs	Maintenance & Repairs	SG&A
Updated June '14 Outlook	*2-3% Lower* ↓	*3% Higher* ↑	*Unit Cost: Higher fiber and external pulp* *Volume: Lower shipments* ↑	*Unit Cost: Higher with Arkansas* *Volume: Lower shipments* ↗	*Unit Cost: Stable* *Volume: Stable* →	*Unit Cost: Stable* *Volume: Down with lower shipments* ↘	*Unit Cost: No cold weather impact* *Volume: Higher with Arkansas* ↘	*Higher* ↑	*Stable* →
Q2'14 Actual	*2% Lower*	*3% Higher*	*Unit Cost: Higher fiber and external pulp* *Volume: Lower shipments*	*Unit Cost: Higher with Arkansas* *Volume: Lower shipments*	*Unit Cost: Stable* *Volume: Higher with Arkansas*	*Unit Cost: Stable* *Volume: Down with lower shipments*	*Unit Cost: No cold weather impact* *Volume: Higher with Arkansas*	*Higher*	*Stable*

[1] Non-GAAP measure – See definition and reconciliation to GAAP.

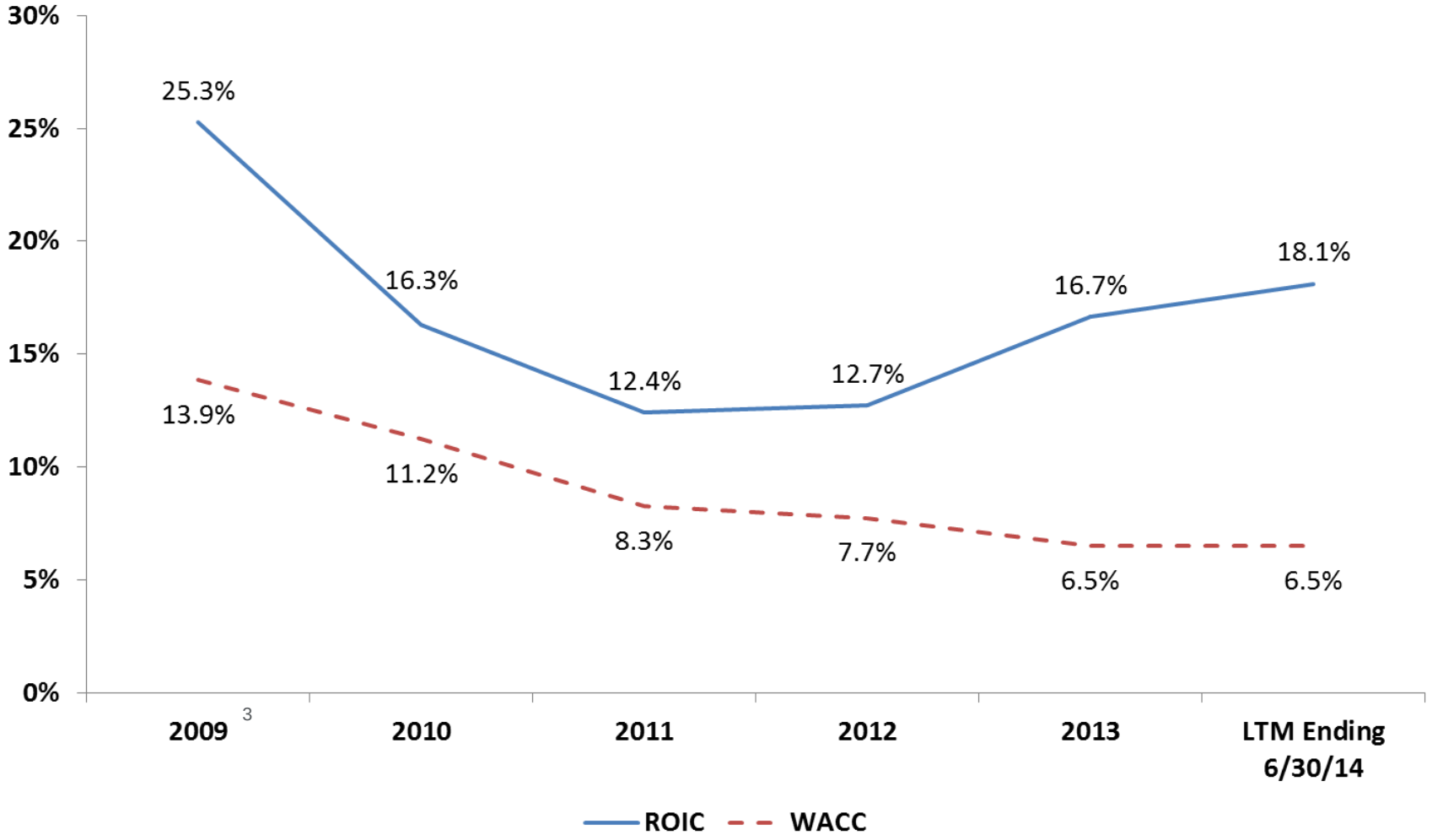
Clearwater Paper Cross-Cycle Financial Model

(Dollars in thousands)	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Six Months Ended June 30, 2013	Six Months Ended June 30, 2014	Clearwater Paper Cross-Cycle Financial Model
Net sales	100%	100%	100%	100%	100%	100%	100%	100%	100%
Adjusted gross profit margin[1]	10.2%	12.2%	9.9%	15.3%	13.0%	13.4%	11.2%	13.2%	17.0%
Adjusted SG&A expenses[1] % of net sales	(6.7)%	(5.9)%	(5.6)%	(6.2)%	(6.3)%	(6.3)%	(6.3)%	(6.3)%	(6.0)%
Adjusted operating margin[1]	3.5%	6.3%	4.3%	9.1%	6.7%	7.1%	4.9%	6.9%	11.0%
Adjusted net earnings[1] % of net sales	0.5%	2.5%	1.3%	4.9%	2.9%	3.1%	1.5%	3.0%	5.0%
Adjusted EBITDA margin[1]	8.3%	11.2%	8.8%	13.9%	11.3%	11.5%	9.8%	11.4%	15.0%

[1] Non-GAAP measure – See definition and reconciliation to GAAP.

Return on Invested Capital[1,2]

(Unaudited)



[1] Non-GAAP measure – See definition and reconciliation to GAAP.

[2] Return on Invested Capital (ROIC) is defined as [Net Earnings + Interest Expense] / [Tangible Stockholders' Equity[1] + Long-Term Debt – Excess Cash[1]].

[3] 2009 Net Earnings was adjusted to remove a benefit of $170.6 million resulting from the recognition of Alternative Fuel Mixture Tax Credits.

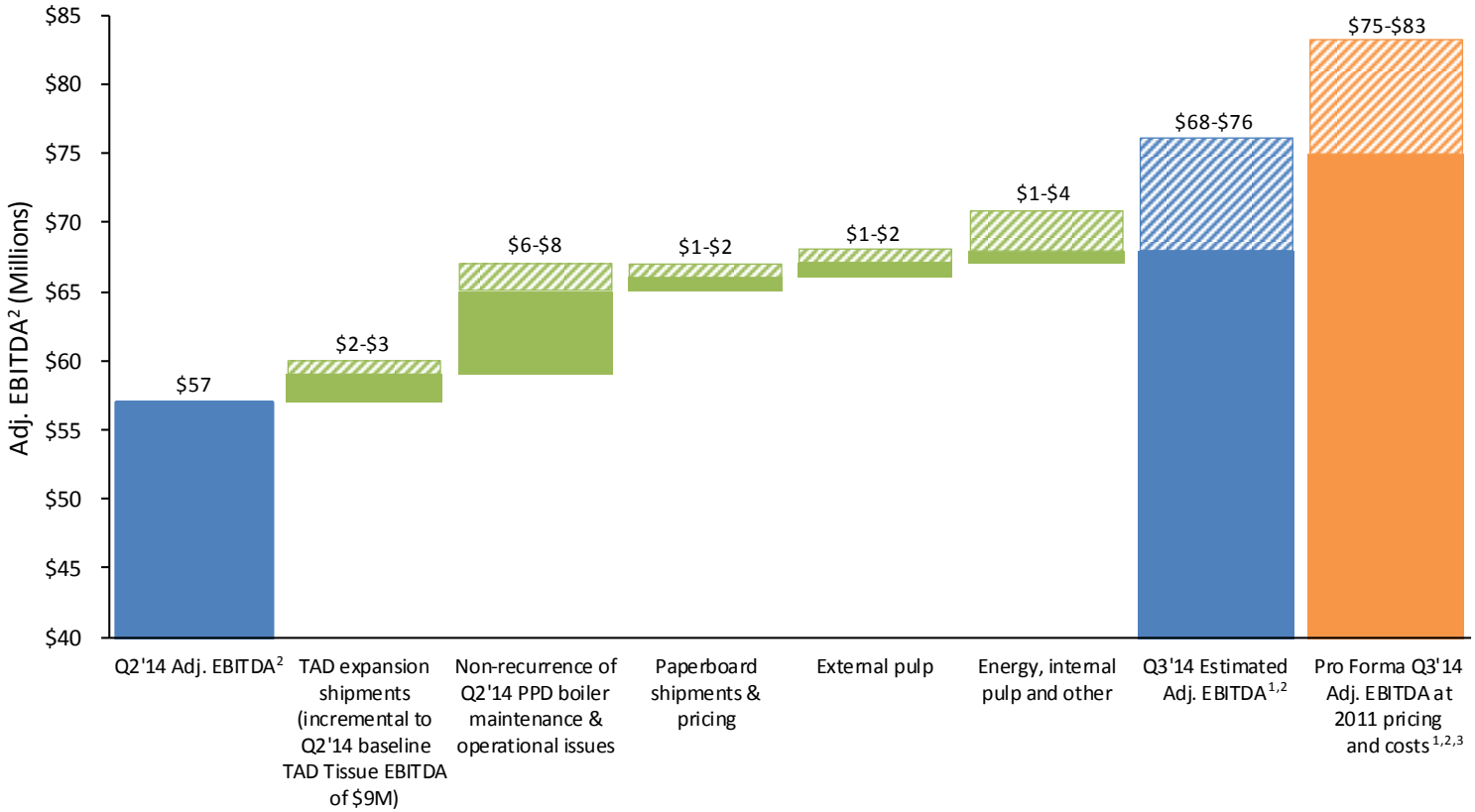
Third Quarter 2014 Outlook (Compared to Q2'14)[1]

	Consumer Products	Paperboard	Corporate
Shipment volumes	*Flat retail and non-retail tons* → *Stable*	*Higher* ↑ *(3-5% higher)*	
Price/Mix	*Higher TAD mix* ↑ *(1% higher)*	*Higher pricing and improved mix* ↑ *(1% higher)*	
Pulp/Wood Fiber costs	*Unit Cost: Lower* ↘ *Volume: Stable*	*Unit Cost: Higher* ↗ *Volume: Up with higher shipments*	
Chemical costs	*Unit Cost: Stable* → *Volume: Stable*	*Unit Cost: Stable* ↗ *Volume: Up with higher shipments*	
Op. & Pkg. Supplies	*Unit Cost: Stable* → *Volume: Stable*	*Unit Cost: Stable* → *Volume: Stable*	
Transportation costs	*Unit Cost: Higher* ↗ *Volume: Stable*	*Unit Cost: Higher* ↗ *Volume: Up with higher shipments*	
Energy costs	*Unit Cost: Stable* → *Volume: Stable*	*Unit Cost: Slightly lower* ↘ *Volume: Slightly lower energy consumption*	
Maintenance & Repairs	*Stable* →	*Lower planned maintenance at both Idaho and Arkansas* ↘	
SG&A	*Stable* →	*Stable* →	*Stable* →

Consolidated Outlook
Net sales: 2-4% higher
Operating margin: 9-10.5%

[1] This information is based upon management's current expectations and estimates, which are in part based on market and industry data. Many factors are outside the control of management, including particularly input costs for commodity products, and actual results may differ materially from the information set forth above. See "Forward-Looking Statements" on page 1.

Bridge to Pro Forma $75 Million Adjusted EBITDA in Third Quarter 2014[1,2,3]



TAD Expansion	Q3'14
Expected EBITDA Ramp	$11-$12M

Price & Unit Input Costs	
Q2'14 vs. 2011 % Change[3]	
Paperboard Pricing	↑ 3.3%
Conventional Retail Tissue Pricing	↓ 4.5%
External Pulp	↑ 9.2%
Wood Fiber	↓ 5.3%
Natural Gas	↑ 7.2%
Chemicals	↑ 11.4%
Diesel Fuel	↑ 1.9%

[1] This information is based upon management's current expectations and estimates, which are in part based on market and industry data. Many factors are outside the control of management, including particularly input costs for commodity products, and actual results may differ materially from the information set forth above. See Forward-Looking Statements" on page 1.
[2] Non-GAAP measure – See definition and reconciliation to GAAP.
[3] In September 2012 we announced a $300 million adjusted EBITDA target for 2014, which was based on 2011 prices and input costs. The table on this page shows percentage changes in certain price and input costs between 2011 and Q2'14.

Adjusted Gross Profit & Adjusted SG&A Reconciliation of Non-GAAP Financial Measures (Unaudited)

(Dollars in thousands)	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Six Months Ended June 30, 2013	Six Months Ended June 30, 2014
Gross profit[1]	$ 46,615	$ 56,481	$ 46,608	$ 68,755	$ 58,291	$ 64,648	$ 103,096	$ 122,939
Costs associated with Thomaston facility closure	183	1,013	1,717	3,064	750	374	1,196	1,124
Costs associated with Long Island facility closure	-	-	-	-	3,941	1,843	-	5,784
Adjusted gross profit[2]	**$ 46,798**	**$ 57,494**	**$ 48,325**	**$ 71,819**	**$ 62,982**	**$ 66,865**	**$ 104,292**	**$ 129,847**
Selling, general and administrative expenses (SG&A)	($34,132)	($26,767)	($27,766)	($30,466)	($33,514)	($31,565)	($60,899)	($65,079)
Costs associated with Long Island facility closure	-	-	-	-	232	-	-	232
Directors' equity-based compensation expense (benefit)	3,472	(1,141)	361	1,392	2,817	(36)	2,331	2,781
Adjusted selling, general and administrative expenses[2]	**($30,660)**	**($27,908)**	**($27,405)**	**($29,074)**	**($30,465)**	**($31,601)**	**($58,568)**	**($62,066)**

[1] Gross profit is defined as net sales minus cost of sales.
[2] Adjusted gross profit and Adjusted selling, general and administrative expenses exclude the impact of the items listed that we do not believe are indicative of our core operating performance.

Segment Adjusted Operating Income (Loss) Reconciliation of Non-GAAP Financial Measures (Unaudited)

(Dollars in thousands)	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Six Months Ended June 30, 2013	Six Months Ended June 30, 2014
Consumer Products								
Operating income (loss)	$ 10,124	$ 14,815	$ 13,445	$ 14,415	$ (523)	$ 12,705	$ 24,939	$ 12,182
Costs associated with Thomaston facility closure	183	1,013	1,717	3,064	750	374	1,196	1,124
Costs associated with Long Island facility closure	-	-	-	-	8,432	1,843	-	10,275
Adjusted Consumer Products operating income[1]	**$ 10,307**	**$ 15,828**	**$ 15,162**	**$ 17,479**	**$ 8,659**	**$ 14,922**	**$ 26,135**	**$ 23,581**
Pulp and Paperboard								
Operating Income	$ 17,553	$ 24,772	$ 16,289	$ 37,167	$ 36,776	$ 33,635	$ 42,325	$ 70,411
Adjusted Pulp and Paperboard operating income[1]	**$ 17,553**	**$ 24,772**	**$ 16,289**	**$ 37,167**	**$ 36,776**	**$ 33,635**	**$ 42,325**	**$ 70,411**
Corporate								
Operating loss	($15,194)	($9,873)	($10,892)	($13,293)	($15,735)	($13,257)	($25,067)	($28,992)
Directors' equity-based compensation expense (benefit)	3,472	(1,141)	361	1,392	2,817	(36)	2,331	2,781
Adjusted Corporate operating loss[1]	**($11,722)**	**($11,014)**	**($10,531)**	**($11,901)**	**($12,918)**	**($13,293)**	**($22,736)**	**($26,211)**

[1] Adjusted operating income (loss) excludes the impact of the items listed that we do not believe are indicative of our core operating performance.

Adjusted Net Earnings & Diluted Adjusted Earnings per common share Reconciliation of Non-GAAP Financial Measures (Unaudited)

(Dollars in thousands - except per-share amounts)	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Six Months Ended June 30, 2013	Six Months Ended June 30, 2014
GAAP net (loss) earnings	**$ (882)**	**$ 11,658**	**$ 13,317**	**$ 82,862**	**$ 6,226**	**$ 12,453**	**$ 10,776**	**$ 18,679**
Special items, after tax:[1]								
Debt retirement costs	10,781	-	-	-	-	-	10,781	-
Directors' equity-based compensation expense (benefit)	2,194	(706)	221	976	1,802	(23)	1,488	1,779
Costs associated with Thomaston facility closure	116	627	1,052	2,149	480	242	743	722
Costs associated with Long Island facility closure	-	-	-	-	5,394	1,193	-	6,587
Discrete tax items related to release of uncertain tax positions	-	-	(4,659)	(62,798)	-	-	-	-
Discrete tax items related to credit conversions	(9,766)	-	-	(66)	-	-	(9,766)	-
Discrete tax item related to state tax rate change	-	-	-	-	-	1,388	-	1,388
Discrete tax items related to additional CBPC	-	-	(3,495)	-	-	-	-	-
Adjusted net earnings[2]	**$ 2,443**	**$ 11,579**	**$ 6,436**	**$ 23,123**	**$ 13,902**	**$ 15,253**	**$ 14,022**	**$ 29,155**
Diluted net (loss) earnings per common share	**($0.04)**	**$0.52**	**$0.60**	**$3.87**	**$0.29**	**$ 0.61**	**$ 0.47**	**$ 0.90**
Special items, after tax:[1]								
Debt retirement costs	0.47	-	-	-	-	-	0.47	-
Directors' equity-based compensation expense (benefit)	0.10	(0.03)	0.01	0.05	0.08	-	0.07	0.09
Costs associated with Thomaston facility closure	0.01	0.03	0.05	0.10	0.02	0.01	0.03	0.03
Costs associated with Long Island facility closure	-	-	-	-	0.25	0.06	-	0.32
Discrete tax items related to release of uncertain tax positions	-	-	(0.21)	(2.93)	-	-	-	-
Discrete tax items related to credit conversions	(0.43)	-	-	-	-	-	(0.43)	-
Discrete tax item related to state tax rate change	-	-	-	-	-	0.07	-	0.07
Discrete tax items related to additional CBPC	-	-	(0.16)	-	-	-	-	-
Diluted adjusted net earnings per common share[2]	**$ 0.11**	**$ 0.51**	**$ 0.29**	**$ 1.09**	**$ 0.66**	**$ 0.74**	**$ 0.61**	**$ 1.40**

[1] All non-tax items are tax effected at the expected annual rate for that period.
[2] Adjusted net earnings and Diluted adjusted net earnings per common share exclude the impact of the items listed that we do not believe are indicative of our core operating performance.

Adjusted Income Tax Provision
Reconciliation of Non-GAAP Financial Measure (Unaudited)

(Dollars in thousands)	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Six Months Ended June 30, 2013	Six Months Ended June 30, 2014
GAAP income tax benefit (provision)	$14,675	($6,962)	$5,183	$55,825	($3,558)	$ (9,942)	$7,713	($13,500)
Special items, tax impact:								
Debt retirement costs	(6,277)	-	-	-	-	-	(6,277)	-
Directors' equity-based compensation (expense) benefit	(1,278)	435	(140)	(416)	(1,015)	13	(843)	(1,002)
Costs associated with Thomaston facility closure	(67)	(386)	(665)	(915)	(270)	(132)	(453)	(402)
Costs associated with Long Island facility closure	-	-	-	-	(3,038)	(650)	-	(3,688)
Discrete tax items related to release of uncertain tax positions	-	-	(4,659)	(62,798)	-	-	-	-
Discrete tax items related to credit conversions	(9,766)	-	-	(66)	-	-	(9,766)	-
Discrete tax item related to state tax rate change	-	-	-	-	-	1,388	-	1,388
Discrete tax items related to additional CBPC	-	-	(3,495)	-	-	-	-	-
Adjusted income tax provision[1]	**($2,713)**	**($6,913)**	**($3,776)**	**($8,370)**	**($7,881)**	**$ (9,323)**	**($9,626)**	**($17,204)**

[1] Adjusted income tax provision excludes the impact of the items listed that we do not believe are indicative of our core operating performance.

EBITDA & Adjusted EBITDA
Reconciliation of Non-GAAP Financial Measures (Unaudited)

(Dollars in thousands)	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Six Months Ended June 30, 2013	Six Months Ended June 30, 2014
Earnings before interest, income taxes, and depreciation & amortization (EBITDA)[1]								
GAAP net (loss) earnings	($882)	$ 11,658	$ 13,317	$ 82,862	$ 6,226	$ 12,453	$ 10,776	$ 18,679
Interest expense, net[2]	28,040	11,094	10,708	11,252	10,734	10,688	39,134	21,422
Income tax (benefit) provision	(14,675)	6,962	(5,183)	(55,825)	3,558	9,942	(7,713)	13,500
Depreciation and amortization expense	22,151	23,253	22,180	22,688	22,231	22,015	45,404	44,246
EBITDA[1]	**$ 34,634**	**$ 52,967**	**$ 41,022**	**$ 60,977**	**$ 42,749**	**$ 55,098**	**$ 87,601**	**$ 97,847**
Directors' equity-based compensation expense (benefit)	3,472	(1,141)	361	1,392	2,817	(36)	2,331	2,781
Costs associated with Thomaston facility closure	183	1,013	1,717	3,064	750	374	1,196	1,124
Costs associated with Long Island facility closure	-	-	-	-	8,432	1,843	-	10,275
Adjusted EBITDA[3]	**$ 38,289**	**$ 52,839**	**$ 43,100**	**$ 65,433**	**$ 54,748**	**$ 57,279**	**$ 91,128**	**$ 112,027**

[1] EBITDA is a non-GAAP measure that management uses as a supplemental performance measure. The most directly comparable GAAP measure is net earnings. EBITDA is net earnings adjusted for net interest expense (including debt retirement costs), income taxes, and depreciation and amortization. It should not be considered as an alternative to net earnings computed under GAAP.
[2] Interest expense, net for first quarter 2013 includes debt retirement costs of $17.1 million.
[3] Adjusted EBITDA excludes the impact of the items listed that we do not believe are indicative of our core operating performance.

Segment EBITDA & Adjusted EBITDA Reconciliation of Non-GAAP Financial Measures (Unaudited)

(Dollars in thousands)	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Six Months Ended June 30, 2013	Six Months Ended June 30, 2014
Consumer Products								
Operating income (loss)	$ 10,124	$ 14,815	$ 13,445	$ 14,415	$ (523)	$ 12,705	$ 24,939	$ 12,182
Depreciation and amortization expense	16,092	17,030	16,002	16,073	15,490	15,071	33,122	30,561
Segment EBITDA[1]	**$ 26,216**	**$ 31,845**	**$ 29,447**	**$ 30,488**	**$ 14,967**	**$ 27,776**	**$ 58,061**	**$ 42,743**
Costs associated with Thomaston facility closure	183	1,013	1,717	3,064	750	374	1,196	1,124
Costs associated with Long Island facility closure	-	-	-	-	8,432	1,843	-	10,275
Segment Adjusted EBITDA[2]	**$ 26,399**	**$ 32,858**	**$ 31,164**	**$ 33,552**	**$ 24,149**	**$ 29,993**	**$ 59,257**	**$ 54,142**
Pulp and Paperboard								
Operating income	$ 17,553	$ 24,772	$ 16,289	$ 37,167	$ 36,776	$ 33,635	$ 42,325	$ 70,411
Depreciation and amortization expense	5,659	5,778	5,758	6,071	6,270	6,019	11,437	12,289
Segment EBITDA[1]	**$ 23,212**	**$ 30,550**	**$ 22,047**	**$ 43,238**	**$ 43,046**	**$ 39,654**	**$ 53,762**	**$ 82,700**
Segment Adjusted EBITDA[2]	**$ 23,212**	**$ 30,550**	**$ 22,047**	**$ 43,238**	**$ 43,046**	**$ 39,654**	**$ 53,762**	**$ 82,700**
Corporate								
Operating loss	($15,194)	($9,873)	($10,892)	($13,293)	($15,735)	($13,257)	($25,067)	($28,992)
Depreciation and amortization expense	400	445	420	544	471	925	845	1,396
Segment EBITDA[1]	**($14,794)**	**($9,428)**	**($10,472)**	**($12,749)**	**($15,264)**	**($12,332)**	**($24,222)**	**($27,596)**
Directors' equity-based compensation expense (benefit)	3,472	(1,141)	361	1,392	2,817	(36)	2,331	2,781
Segment Adjusted EBITDA[2]	**($11,322)**	**($10,569)**	**($10,111)**	**($11,357)**	**($12,447)**	**($12,368)**	**($21,891)**	**($24,815)**

[1] Segment EBITDA is a non-GAAP measure that management uses as a supplemental performance measure. The most directly comparable GAAP measure is segment operating income (loss). Segment EBITDA is segment operating income (loss) adjusted for depreciation and amortization. It should not be considered as an alternative to segment operating income (loss) computed under GAAP.

[2] Segment Adjusted EBITDA excludes the impact of the items listed that we do not believe are indicative of our core operating performance.

Return on Invested Capital
Tangible Stockholders' Equity & Excess Cash
Reconciliation of Non-GAAP Financial Measures (Unaudited)

(Dollars in thousands)	2009	2010	2011	2012	2013	LTM Ending June 30, 2014
Net earnings[1]	$ 69,520	$ 73,800	$ 39,674	$ 64,131	$ 106,955	$ 114,858
Interest expense, net	15,505	22,571	44,809	33,796	44,036	43,382
Adjusted net income	**$ 85,025**	**$ 96,371**	**$ 84,483**	**$ 97,927**	**$ 150,991**	**$ 158,240**
Tangible stockholders' equity[2,3]	$ 363,736	$ 182,416	$ 205,623	$ 263,608	$ 334,783	$ 289,452
Long-term debt	148,285	538,314	523,694	523,933	650,000	650,000
Excess cash[2,4]	(175,750)	(130,023)	(48,440)	(17,579)	(78,675)	(66,481)
Invested capital	**$ 336,271**	**$ 590,707**	**$ 680,877**	**$ 769,962**	**$ 906,108**	**$ 872,971**
Stockholders' equity	$363,736	$468,349	$484,904	$540,894	$605,094	$555,193
Goodwill	-	(229,533)	(229,533)	(229,533)	(229,533)	(229,533)
Intangible assets, net	-	(56,400)	(49,748)	(47,753)	(40,778)	(36,208)
Tangible stockholders' equity[2,3]	**$363,736**	**$182,416**	**$205,623**	**$263,608**	**$ 334,783**	**$ 289,452**
Cash	$ 2,824	$ 18,928	$ 8,439	$ 12,579	$ 23,675	$ 22,481
Short-term investments	187,926	126,095	55,001	20,000	70,000	59,000
Operating cash[2,5]	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
Excess cash[2,4]	**$ 175,750**	**$ 130,023**	**$ 48,440**	**$ 17,579**	**$ 78,675**	**$ 66,481**

[1] 2009 Net Earnings was adjusted to remove a benefit of $170.6 million resulting from the recognition of Alternative Fuel Mixture Tax Credits.
[2] Non-GAAP measure – See definition and reconciliation to GAAP.
[3] Tangible stockholders' equity is defined as stockholders' equity less Goodwill and Intangible assets, net.
[4] Excess cash is defined as the sum of Cash and Short-term investments less operating cash[2].
[5] Operating cash is defined as a minimum amount of available cash deemed by management to be sufficient to avoid operating disruptions due to a mismatch of cash inflows and outflows during an accounting period.

Q3'14 Estimated Adjusted EBITDA & Pro Forma At 2011 Pricing and Costs Reconciliation of Non-GAAP Financial Measures (Unaudited)

(Dollars in thousands)	Three Months Ending September 30, 2014 Range of Estimate From	To	Pro Forma at 2011 Pricing and Costs Three Months Ending September 30, 2014 Range of Estimate From	To
GAAP net earnings	$21,000	$26,500	$26,000	$32,000
Interest expense, net	11,000	11,000	11,000	11,000
Income tax provision	11,500	14,000	13,500	15,500
Depreciation and amortization expense	22,000	22,000	22,000	22,000
EBITDA[1]	**$ 65,500**	**$ 73,500**	**$ 72,500**	**$ 80,500**
Directors' equity-based compensation expense	1,000	1,000	1,000	1,000
Costs associated with Long Island facility closure	1,500	1,500	1,500	1,500
Adjusted EBITDA[2]	**$ 68,000**	**$ 76,000**	**$ 75,000**	**$ 83,000**

[1] EBITDA is a non-GAAP measure that management uses as a supplemental performance measure. The most directly comparable GAAP measure is net earnings. EBITDA is net earnings adjusted for net interest expense (including debt retirement costs), income taxes, and depreciation and amortization. It should not be considered as an alternative to net earnings computed under GAAP.

[2] Adjusted EBITDA excludes the impact of the items listed that we do not believe are indicative of our core operating performance.



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