



Clearwater Paper Corporation

Third Quarter 2014

Supplemental Information

Linda Massman President, Chief Executive Officer and Director
John Hertz Senior Vice President Finance and Chief Financial Officer

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 demand for products, expected results, operational efficiencies, customer commitments, segment, corporate and consolidated outlook for Q4 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, cost and timing of major maintenance and repairs, selling, general, and administrative expenses, corporate expenses, consolidated sales and operating margins, and estimated and pro forma Q4 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.

Third Quarter Summary

- Record net sales
- Record Adjusted EBITDA
- Record retail and Through Air Dried (TAD) case shipments
- Completion of the $100 million share buyback authorization
- Refinanced $375 million 7-1/8% debt with $300 million 5-3/8% debt

Sharp focus on operational efficiencies, meeting customer commitments and producing high-quality products

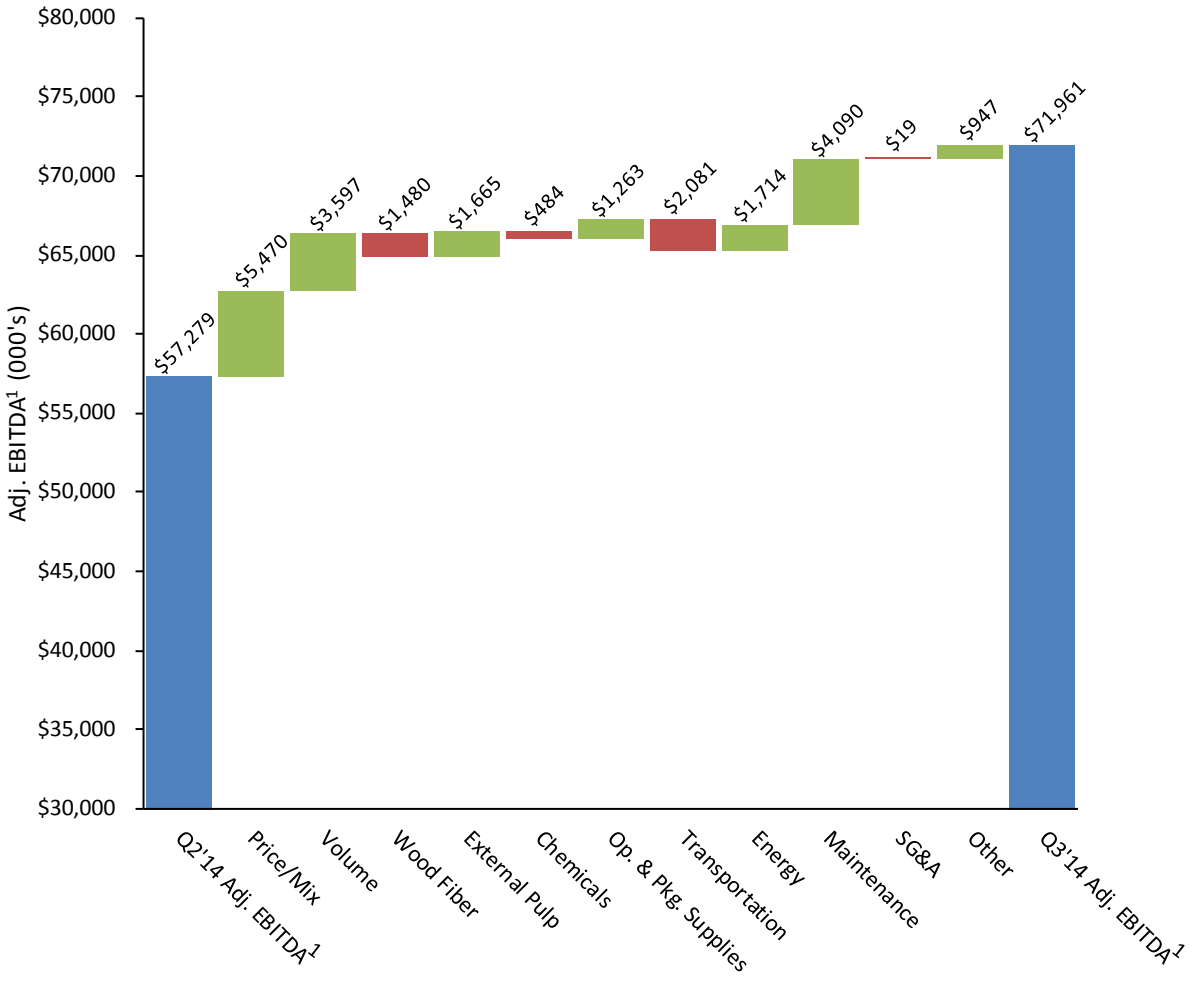
Financial Summary
(Unaudited)

(Dollars in thousands - except per-share amounts)	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14 Outlook Versus Q3'14	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2014
Net sales	**$ 460,824**	**$ 471,002**	**$ 487,845**	**$ 470,159**	**$ 484,920**	**$ 498,759**	**$ 511,142**	**4-7% lower**	**$ 1,419,671**	**$ 1,494,821**
Adjusted gross profit[1]	**$ 46,798**	**$ 57,494**	**$ 48,325**	**$ 71,819**	**$ 62,982**	**$ 66,865**	**$ 80,604**		**$ 152,617**	**$ 210,451**
Adjusted gross profit margin[1,2]	10.2%	12.2%	9.9%	15.3%	13.0%	13.4%	15.8%		10.8%	14.1%
Adjusted selling, general and administrative expenses[1]	**($30,660)**	**($27,908)**	**($27,405)**	**($29,074)**	**($30,465)**	**($31,601)**	**($30,936)**		**($85,973)**	**($93,002)**
Adjusted operating income (loss)[1]	**$ 16,138**	**$ 29,586**	**$ 20,920**	**$ 42,745**	**$ 32,517**	**$ 35,264**	**$ 49,668**		**$ 66,644**	**$ 117,449**
Consumer Products	10,307	15,828	15,162	17,479	8,659	14,922	17,923		41,297	41,504
Pulp and Paperboard	17,553	24,772	16,289	37,167	36,776	33,635	45,602		58,614	116,013
Corporate	(11,722)	(11,014)	(10,531)	(11,901)	(12,918)	(13,293)	(13,857)		(33,267)	(40,068)
Adjusted operating margin[1,3]	3.5%	6.3%	4.3%	9.1%	6.7%	7.1%	9.7%	**7-8.5%**	4.7%	7.9%
Interest expense, net	**($10,982)**	**($11,094)**	**($10,708)**	**($11,252)**	**($10,734)**	**($10,688)**	**($9,570)**		**($32,784)**	**($30,992)**
Adjusted income tax provision[1]	**($2,713)**	**($6,913)**	**($3,776)**	**($8,370)**	**($7,881)**	**($9,323)**	**($14,403)**		**($13,402)**	**($31,607)**
Adjusted net earnings[1]	**$ 2,443**	**$ 11,579**	**$ 6,436**	**$ 23,123**	**$ 13,902**	**$ 15,253**	**$ 25,695**		**$ 20,458**	**$ 54,850**
Depreciation and amortization expense	**$ 22,151**	**$ 23,253**	**$ 22,180**	**$ 22,688**	**$ 22,231**	**$ 22,015**	**$ 22,293**		**$ 67,584**	**$ 66,539**
Adjusted EBITDA[1]	**$ 38,289**	**$ 52,839**	**$ 43,100**	**$ 65,433**	**$ 54,748**	**$ 57,279**	**$ 71,961**	**$56,000-$64,000**	**$ 134,228**	**$ 183,988**
Consumer Products	26,399	32,858	31,164	33,552	24,149	29,993	33,407		90,421	87,549
Pulp and Paperboard	23,212	30,550	22,047	43,238	43,046	39,654	51,541		75,809	134,241
Corporate	(11,322)	(10,569)	(10,111)	(11,357)	(12,447)	(12,368)	(12,987)		(32,002)	(37,802)
Adjusted EBITDA margin[1,4]	**8.3%**	**11.2%**	**8.8%**	**13.9%**	**11.3%**	**11.5%**	**14.1%**		**9.5%**	**12.3%**
Diluted adjusted net earnings per common share[1]	**$ 0.11**	**$ 0.51**	**$ 0.29**	**$ 1.09**	**$ 0.66**	**$ 0.74**	**$ 1.28**		**$ 0.91**	**$ 2.66**
Debt to rolling four quarter total Adjusted EBITDA[1]	**2.9**	**3.1**	**3.4**	**3.3**	**3.0**	**2.9**	**2.5**		**3.4**	**2.5**

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

Q3’14 vs. Q2’14
Consolidated Adjusted EBITDA[1] Bridge

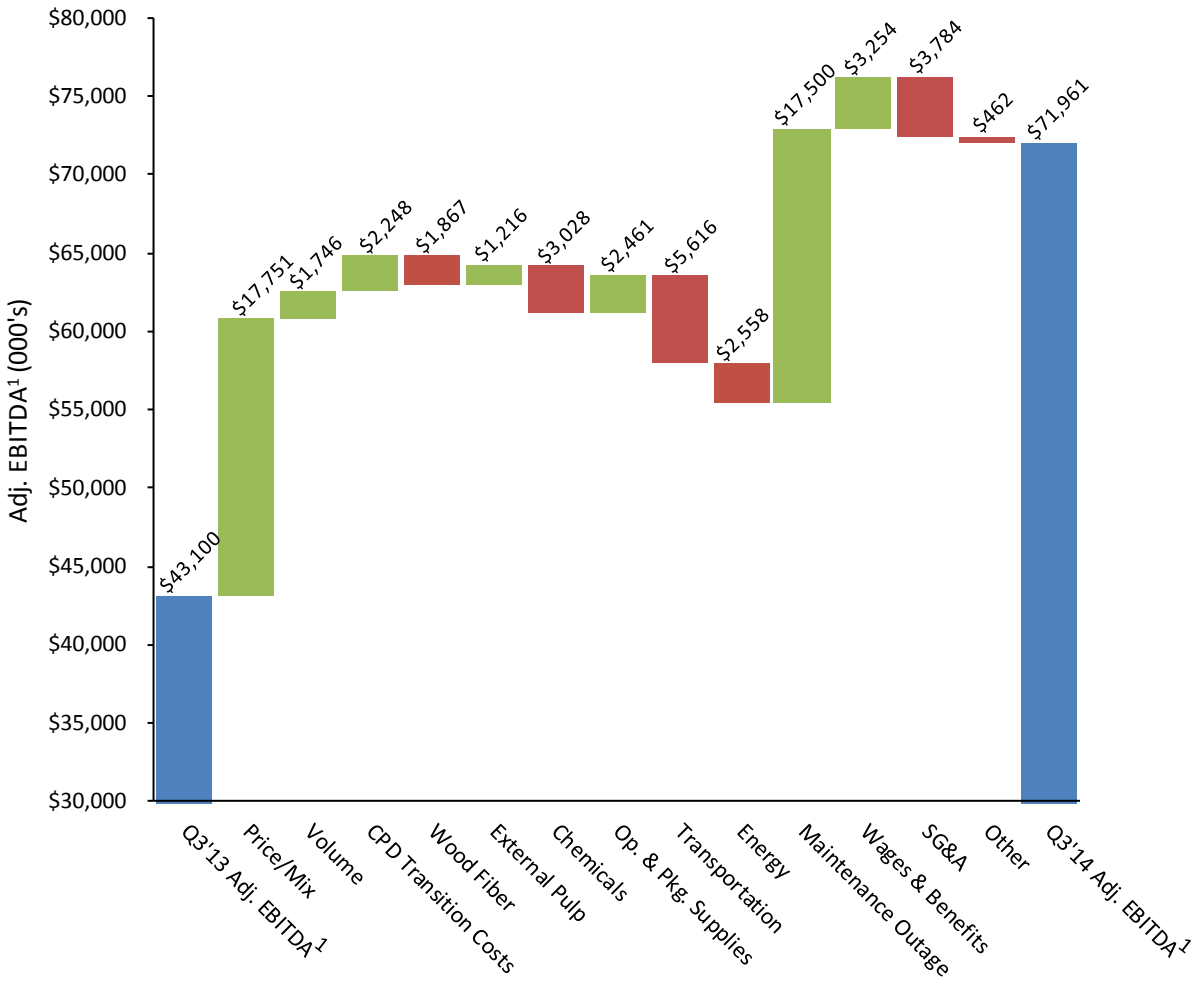
Price/Mix	Higher retail tissue pricing due to increase in mix of TAD shipments. Higher non-retail tissue pricing on tissue parent rolls.
Volume	Higher paperboard shipments as a result of increased PPD Arkansas production
Wood Fiber	Higher fiber prices due to wet weather in the south and strong fiber demand
External Pulp	Lower pulp pricing, primarily in hardwood
Chemicals	Higher dye chemical pricing, increased chemical usage related to quality improvements in Ultra household towels in CPD, offset by lower usage at PPD Arkansas due to improved paper machine productivity
Operating & Packaging Supplies	Lower costs due to improved paper machine productivity at PPD Arkansas, partially offset by slightly higher CPD costs
Transportation	Higher pricing due to tight carrier supply and impact from short-term constrained tissue converting capacity
Energy	Seasonally lower energy usage in PPD
Maintenance	Boiler water wash performed during Q2’14 at PPD Idaho and Arkansas facilities - none in Q3’14, partially offset by higher scheduled CPD maintenance



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

Q3'14 vs. Q3'13
Consolidated Adjusted EBITDA[1] Bridge

Price/Mix	Higher paperboard pricing, higher retail and non-retail tissue pricing, and benefits from tissue mix towards TAD products
Volume	Slightly higher paperboard and tissue shipments
CPD Transition Costs	Normalized operations following TAD transition in 2013
Wood Fiber	Higher fiber prices due to wet weather in the south and strong fiber demand
External Pulp	Lower pulp pricing for hardwood, partially offset by higher softwood
Chemicals	Higher pricing for polyethylene and tissue dye, increased chemical usage related to quality improvements in Ultra household towels in CPD
Operating & Packaging Supplies	Slightly lower costs across most operating and packaging supplies
Transportation	Higher pricing due to tight carrier supply and impact from short-term constrained tissue converting capacity
Energy	Higher natural gas and electricity pricing
Maintenance Outage	Major maintenance performed during Q3'13 at PPD Idaho facility – none in Q3'14
Wages & Benefits	Facility closure savings, as well as lower pension and retiree medical costs
SG&A	Higher IT project spending and higher profit-dependent accruals



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

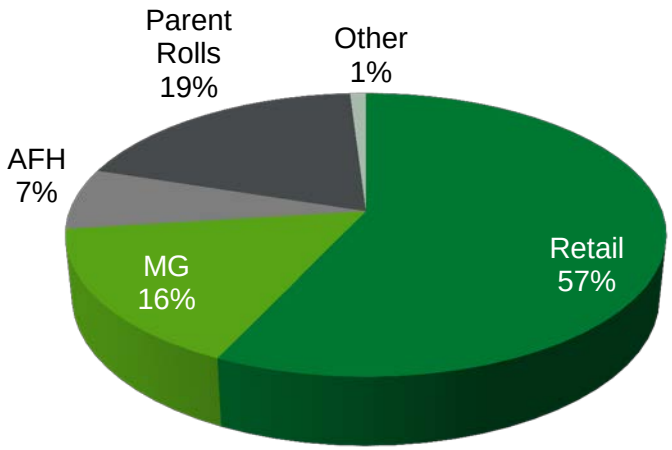
Key Segment Results – Consumer Products
(Unaudited)

	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Consumer Products Cross-Cycle Financial Model
Shipments								
Non-Retail (short tons)[1]	55,314	57,019	61,207	57,717	56,881	59,595	59,703	
Retail (short tons)	77,282	75,038	72,442	70,752	70,877	75,246	75,363	
Total Tissue Tons	**132,596**	**132,057**	**133,649**	**128,469**	**127,758**	**134,841**	**135,066**	
Converted Products (cases in thousands)[2]	13,781	14,021	13,990	13,342	13,437	14,101	14,360	
Sales Price								
Non-Retail ($/short ton)[1]	$ 1,435	$ 1,478	$ 1,506	$ 1,468	$ 1,482	$ 1,495	$ 1,531	
Retail ($/short ton)	2,659	2,738	2,771	2,790	2,847	2,788	2,836	
Total Tissue	**$ 2,149**	**$ 2,194**	**$ 2,192**	**$ 2,196**	**$ 2,239**	**$ 2,217**	**$ 2,259**	
Segment net sales ($ in thousands)	$ 284,902	$ 289,708	$ 292,935	$ 282,147	$ 286,508	$ 299,130	$ 306,104	
Segment Adjusted EBITDA[3] ($ in thousands)	$ 26,399	$ 32,858	$ 31,164	$ 33,552	$ 24,149	$ 29,993	$ 33,407	
Segment Adjusted EBITDA margin[3,4]	9.3%	11.3%	10.6%	11.9%	8.4%	10.0%	10.9%	17.0%

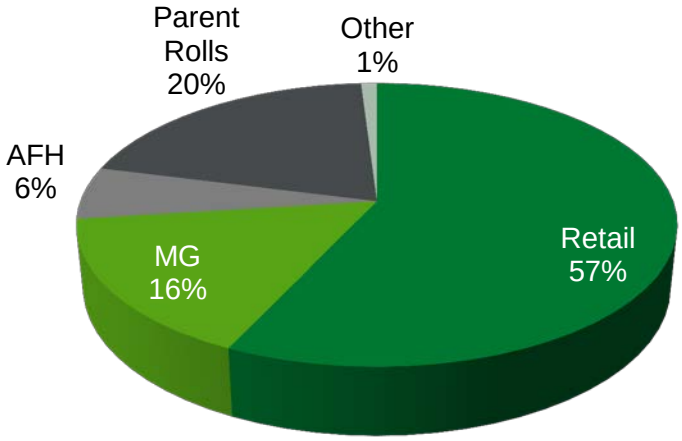
[1] Includes away-from-home (AFH), contract, machine-glazed (MG) and parent roll tissue products.
[2] Includes retail, AFH, contract and MG tissue case products.
[3] Non-GAAP measure – See definition and reconciliation to most comparable GAAP measure.
[4] Segment Adjusted EBITDA margin is defined as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

Clearwater Paper Tissue Shipments

CLW Q3'14 by Market Segment
(% of Tons)



CLW Q2'14 by Market Segment
(% of Tons)

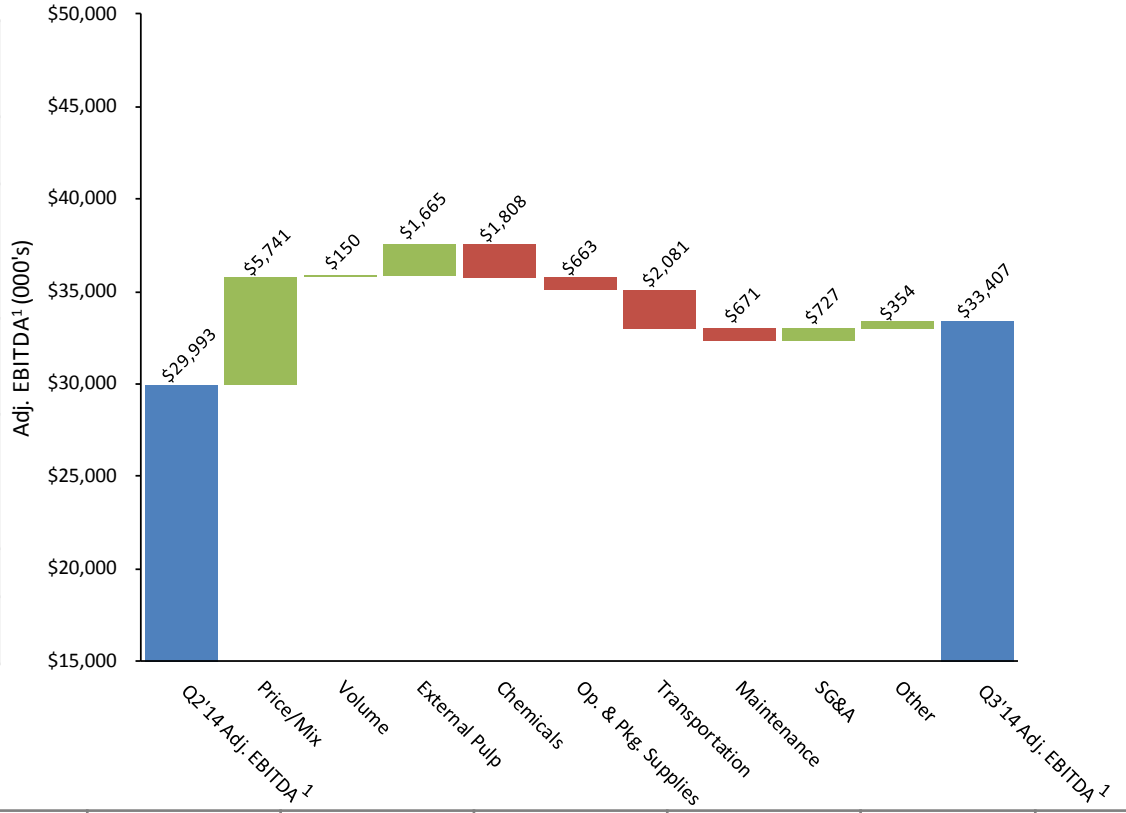


U.S. Retail Tissue Market (MultiOutlet)			
Category	Private Label	Brands	Total
Total Retail Tissue Share (Equivalent Cases)	27%	73%	100%
% Change Q3'14 YTD vs. Q3'13 YTD	2.6%	(1.9%)	(0.8%)

Data Source: IRI Worldwide YTD Ending September 14, 2014.

Q3'14 vs. Q2'14
Consumer Products Adjusted EBITDA[1] Bridge

Price/Mix	Higher retail tissue pricing due to increase in mix of TAD shipments and higher parent roll pricing
External Pulp	Lower pulp pricing, primarily in hardwood
Chemicals	Higher dye chemical pricing, increased chemical usage related to quality improvements in Ultra household towels
Operating & Packaging Supplies	Higher paper machine operating supplies costs
Transportation	Higher pricing due to tight carrier supply and impact from short-term constrained tissue converting capacity
Maintenance	More scheduled maintenance
SG&A	Lower marketing expenses and profit-dependent accruals



Segment Actual versus Outlook

	Price/Mix	Shipment volumes	External Pulp	Chemical costs	Op. & Pkg. Supplies	Transportation costs	Energy costs	Maintenance	SG&A
July '14 Outlook Versus Q2'14	*Higher TAD mix 1% higher* ↗	*Flat retail and non-retail tons* →	*Unit Cost: Lower* ↘ *Volume: Stable*	*Unit Cost: Stable* → *Volume: Stable*	*Unit Cost: Stable* → *Volume: Stable*	*Unit Cost: Higher* ↗ *Volume: Stable*	*Unit Cost: Stable* → *Volume: Stable*	*Stable* →	*Stable* →
Q3'14 Actual Versus Q2'14	*2% higher*	*Flat retail and non-retail tons*	*Unit Cost: Lower* *Volume: Stable*	*Unit Cost: Higher* *Volume: Higher due to TAD usage*	*Unit Cost: Higher* *Volume: Stable*	*Unit Cost: Higher* *Volume: Higher due to short-term constrained converting capacity*	*Unit Cost: Stable* *Volume: Stable*	*Slightly higher*	*Lower*

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

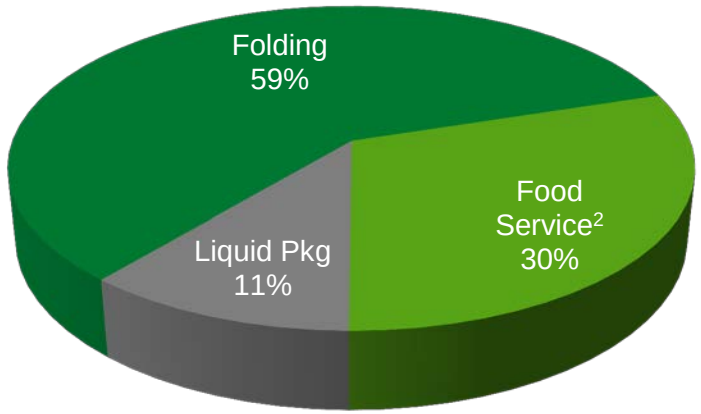
Key Segment Results – Pulp and Paperboard
(Unaudited)

	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Pulp and Paperboard Cross-Cycle Financial Model
Shipments								
Paperboard (short tons)	186,350	190,518	199,408	188,776	200,665	195,924	201,609	
Sales Price								
Paperboard ($/short ton)	$ 935	$ 946	$ 973	$ 978	$ 988	$ 1,017	$ 1,016	
Segment net sales ($ in thousands)	$ 175,922	$ 181,294	$ 194,910	$ 188,012	$ 198,412	$ 199,629	$ 205,038	
Segment Adjusted EBITDA[1] ($ in thousands)	$ 23,212	$ 30,550	$ 22,047	$ 43,238	$ 43,046	$ 39,654	$ 51,541	
Segment Adjusted EBITDA margin[1,2]	13.3%	17.0%	11.3%	23.0%	21.7%	19.9%	25.1%	19.0%

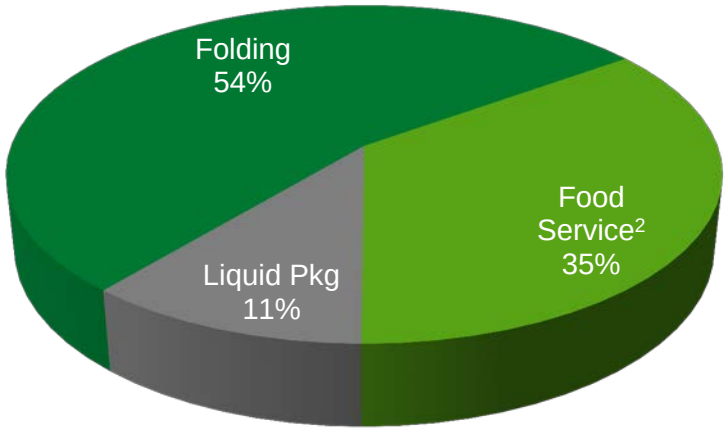
[1] Non-GAAP measure – See definition and reconciliation to most comparable GAAP measure.
[2] Segment Adjusted EBITDA margin is defined as Segment Adjusted EBITDA divided by Segment net sales.

Clearwater Paper Paperboard Shipments and U.S. Paperboard Market

CLW Q3'14 by Market Segment
(% of Tons)



CLW Q2'14 by Market Segment
(% of Tons)



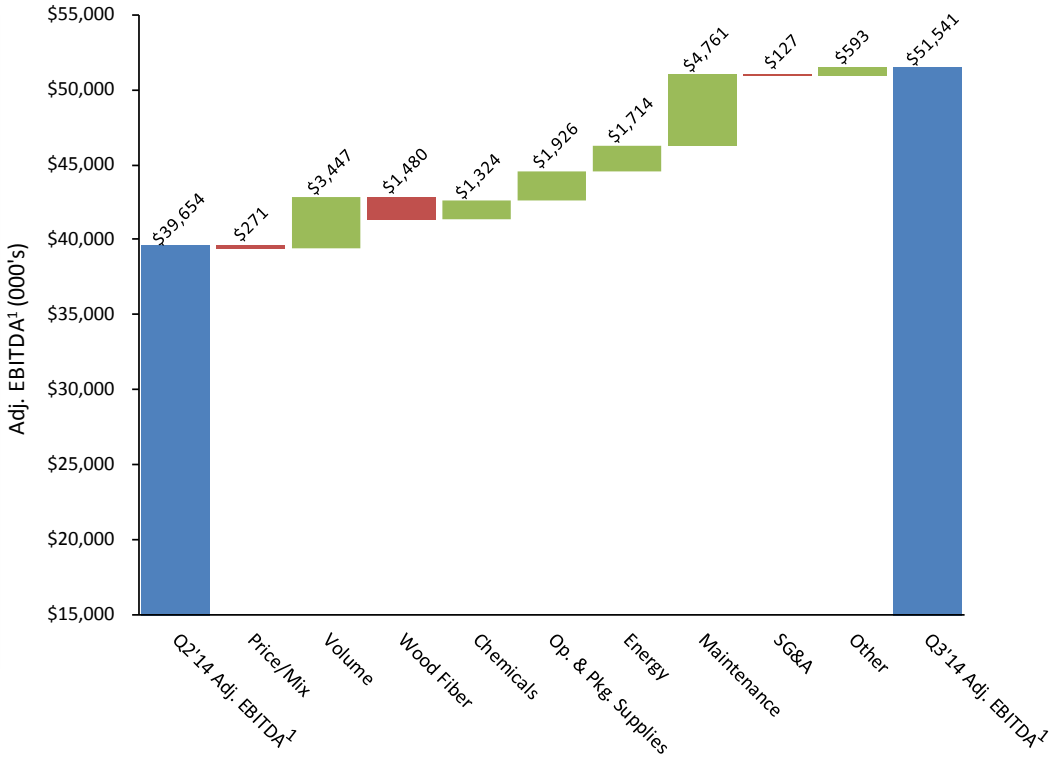
U.S. Paperboard Production		
Category	Clearwater Paper	Other
Total Domestic SBS[1] Market Share	13%	87%
Folding	18%	82%
Food Service[2]	14%	86%
Liquid Packaging	6%	94%

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

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

Q3'14 vs. Q2'14
Pulp and Paperboard Adjusted EBITDA[1] Bridge

Price/Mix	Higher pricing more than offset by product mix
Volume	Higher paperboard shipments as a result of increased Arkansas production
Wood Fiber	Higher fiber prices due to wet weather in the south and strong fiber demand
Chemicals	Lower usage due to improved paper machine productivity in Arkansas
Operating & Packaging Supplies	Lower costs due to improved paper machine productivity in Arkansas
Energy	Seasonally lower energy usage
Maintenance	Boiler water wash performed during Q2'14 at Idaho and Arkansas facilities – none in Q3'14



Segment Actual versus Outlook

	Price/Mix	Shipment volumes	Wood Fiber	Chemical costs	Op. & Pkg. Supplies	Transportation costs	Energy costs	Maintenance	SG&A
July '14 Outlook Versus Q2'14	*1% Higher* ↑	*3-5% Higher* ↑	*Unit Cost: Higher* *Volume: Up with higher shipments* ↗	*Unit Cost: Stable* *Volume: Up with higher shipments* ↗	*Unit Cost: Stable* *Volume: Stable* →	*Unit Cost: Higher* *Volume: Up with higher shipments* ↗	*Unit Cost: Slightly lower* *Volume: Slightly lower energy consumption* ↘	*Lower planned maintenance* ↘	*Stable* →
Q3'14 Actual Versus Q2'14	*Flat*	*3% Higher*	*Unit Cost: Higher* *Volume: Up with higher shipments*	*Unit Cost: Stable* *Volume: Lower Arkansas usage*	*Unit Cost: Stable* *Volume: Lower Arkansas usage*	*Unit Cost: Stable* *Volume: Up with higher shipments*	*Unit Cost: Slightly lower* *Volume: Slightly lower energy consumption*	*Lower planned maintenance*	*Stable*

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

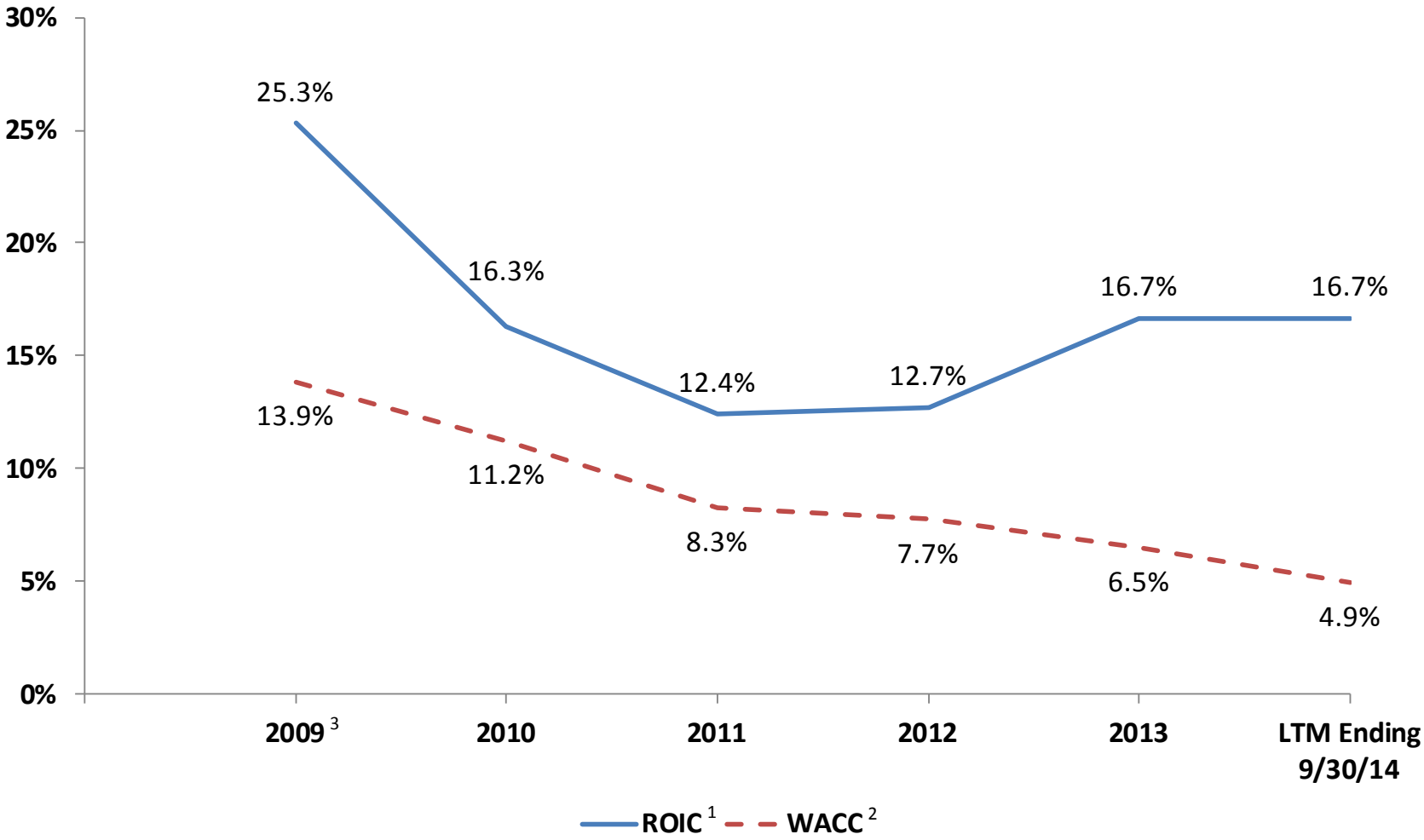
Clearwater Paper Cross-Cycle Financial Model

	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Clearwater Paper Cross-Cycle Financial Model
Net sales	100%	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%	15.8%	10.8%	14.1%	17.0%
Adjusted SG&A expenses[1] % of net sales	(6.7%)	(5.9%)	(5.6%)	(6.2%)	(6.3%)	(6.3%)	(6.1%)	(6.1%)	(6.2%)	(6.0%)
Adjusted operating margin[1]	3.5%	6.3%	4.3%	9.1%	6.7%	7.1%	9.7%	4.7%	7.9%	11.0%
Adjusted net earnings[1] % of net sales	0.5%	2.5%	1.3%	4.9%	2.9%	3.1%	5.0%	1.4%	3.7%	5.0%
Adjusted EBITDA margin[1]	8.3%	11.2%	8.8%	13.9%	11.3%	11.5%	14.1%	9.5%	12.3%	15.0%

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

Return on Invested Capital[1,4]

(Unaudited)



[1] Return on Invested Capital (ROIC) is defined as [Net Earnings + Interest Expense] / [Tangible Stockholders' Equity[4] + Debt – Excess (Deficit) Cash[4]].
[2] Weighted Average Cost of Capital (WACC) is defined as [(Debt x Cost of Debt x {1-Marginal Tax Rate})/(Debt + Stockholders' Equity)]+ [(Stockholders' Equity x Cost of Equity)/(Debt + Stockholders' Equity)].
[3] 2009 Net Earnings was adjusted to remove a benefit of $170.6 million resulting from the recognition of Alternative Fuel Mixture Tax Credits.
[4] Non-GAAP measure – See definition and reconciliation to most comparable GAAP measure.

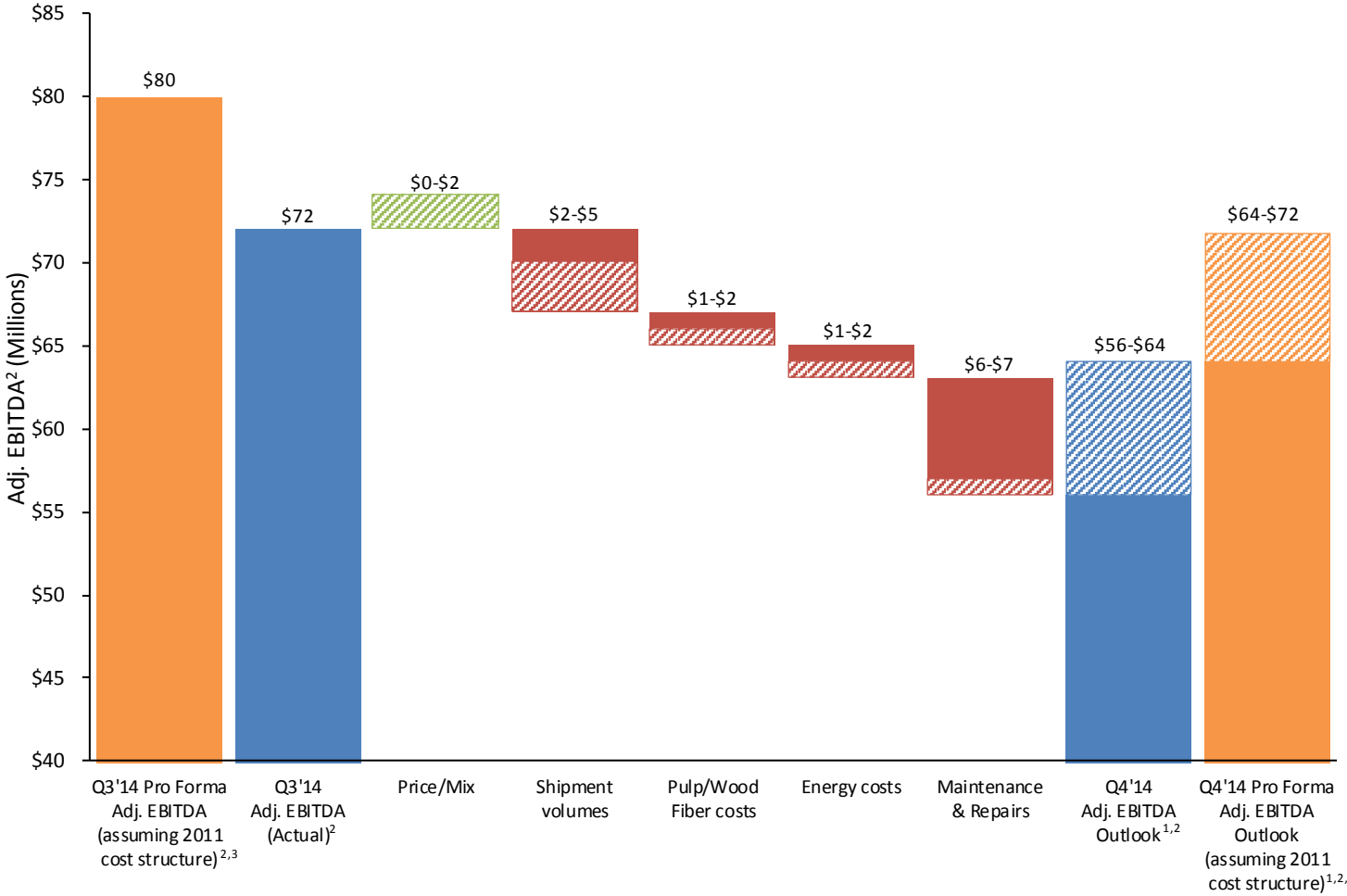
Fourth Quarter 2014 Outlook (Compared to Q3'14)[1]

	Consumer Products	Pulp and Paperboard	Corporate
Shipment volumes	***Seasonally lower retail and non-retail tons*** ***(3-6% lower)*** ↓	***Seasonally lower*** ***(4-8% lower)*** ↓	
Price/Mix	***Stable*** →	***Stable to slightly higher*** ***(Flat to 1% higher)*** →	
Pulp/Wood Fiber costs	***Unit Cost: Stable*** ***Volume: Lower shipments*** ↘	***Unit Cost: Higher (3-4%)*** ***Volume: Lower shipments*** ↗	
Chemical costs	***Unit Cost: Stable*** ***Volume: Stable*** →	***Unit Cost: Stable*** ***Volume: Lower*** ↘	
Op. & Pkg. Supplies	***Unit Cost: Stable*** ***Volume: Stable*** →	***Unit Cost: Stable*** ***Volume: Stable*** →	
Transportation costs	***Unit Cost: Stable*** ***Volume: Lower shipments*** ↘	***Unit Cost: Stable*** ***Volume: Lower shipments*** ↘	
Energy costs	***Unit Cost: Lower*** ***Volume: Stable*** ↘	***Unit Cost: Higher*** ***Volume: Higher energy consumption*** ↗	
Maintenance & Repairs	***Stable*** →	***Higher due to more planned maintenance*** ***($6-$7M)*** ↗	
SG&A	***Stable*** →	***Stable*** →	***Stable*** →

Consolidated Outlook
Net sales: 4-7% lower
Operating margin: 7-8.5%

[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 Q4'14 Adjusted EBITDA Outlook[1,2,3]



Price & Unit Input Costs	
Q3'14 vs. 2011 % Change[3]	
Paperboard Pricing	↑ 3.3%
Conventional Retail Tissue Pricing	↓ 4.5%
External Pulp	↑ 8.3%
Wood Fiber	↑ 0.8%
Natural Gas	↑ 7.2%
Chemicals	↑ 9.8%
Diesel Fuel	↓ 2.8%

[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 most comparable GAAP measure.
[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 Q3'14.

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	Q3'14	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2014
Gross profit[1]	$ 46,615	$ 56,481	$ 46,608	$ 68,755	$ 58,291	$ 64,648	$ 76,685	$ 149,704	$ 199,624
Costs associated with Thomaston facility closure	183	1,013	1,717	3,064	750	374	42	2,913	1,166
Costs associated with Long Island facility closure	-	-	-	-	3,941	1,843	3,877	-	9,661
Adjusted gross profit[2]	**$ 46,798**	**$ 57,494**	**$ 48,325**	**$ 71,819**	**$ 62,982**	**$ 66,865**	**$ 80,604**	**$ 152,617**	**$ 210,451**
Selling, general and administrative expenses (SG&A)	($34,132)	($26,767)	($27,766)	($30,466)	($33,514)	($31,565)	($31,817)	$ (88,665)	$ (96,896)
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)	(185)	2,692	2,596
Costs associated with optimization of the specialty paper group	-	-	-	-	-	-	1,066	-	1,066
Adjusted selling, general and administrative expenses[2]	**($30,660)**	**($27,908)**	**($27,405)**	**($29,074)**	**($30,465)**	**($31,601)**	**($30,936)**	**($85,973)**	**($93,002)**

[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	Q3'14	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2014
Consumer Products									
Operating income (loss)	$ 10,124	$ 14,815	$ 13,445	$ 14,415	($523)	$ 12,705	$ 12,535	$ 38,384	$ 24,717
Costs associated with Thomaston facility closure	183	1,013	1,717	3,064	750	374	42	2,913	1,166
Costs associated with Long Island facility closure	-	-	-	-	8,432	1,843	4,767	-	15,042
Costs associated with optimization of the specialty paper group	-	-	-	-	-	-	579	-	579
Adjusted Consumer Products operating income[1]	**$ 10,307**	**$ 15,828**	**$ 15,162**	**$ 17,479**	**$ 8,659**	**$ 14,922**	**$ 17,923**	**$ 41,297**	**$ 41,504**
Pulp and Paperboard									
Operating Income	$ 17,553	$ 24,772	$ 16,289	$ 37,167	$ 36,776	$ 33,635	$ 45,602	$ 58,614	$ 116,013
Adjusted Pulp and Paperboard operating income[1]	**$ 17,553**	**$ 24,772**	**$ 16,289**	**$ 37,167**	**$ 36,776**	**$ 33,635**	**$ 45,602**	**$ 58,614**	**$ 116,013**
Corporate									
Operating loss	($15,194)	($9,873)	($10,892)	($13,293)	($15,735)	($13,257)	($14,159)	($35,959)	($43,151)
Directors' equity-based compensation expense (benefit)	3,472	(1,141)	361	1,392	2,817	(36)	(185)	2,692	2,596
Costs associated with optimization of the specialty paper group	-	-	-	-	-	-	487	-	487
Adjusted Corporate operating loss[1]	**($11,722)**	**($11,014)**	**($10,531)**	**($11,901)**	**($12,918)**	**($13,293)**	**($13,857)**	**($33,267)**	**($40,068)**

[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 Net 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	Q3'14	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2014
GAAP net (loss) earnings	**($882)**	**$ 11,658**	**$ 13,317**	**$ 82,862**	**$ 6,226**	**$ 12,453**	**$ 6,253**	**$ 24,093**	**$ 24,932**
Special items, after tax:[1]									
Debt retirement costs	10,781	-	-	-	-	-	15,777	10,781	15,777
Directors' equity-based compensation expense (benefit)	2,194	(706)	221	976	1,802	(23)	(120)	1,709	1,659
Costs associated with Thomaston facility closure	116	627	1,052	2,149	480	242	27	1,795	749
Costs associated with Long Island facility closure	-	-	-	-	5,394	1,193	3,069	-	9,656
Costs associated with optimization of the specialty paper group	-	-	-	-	-	-	689	-	689
Discrete tax items related to release of uncertain tax positions	-	-	(4,659)	(62,798)	-	-	-	(4,659)	-
Discrete tax items related to credit conversions	(9,766)	-	-	(66)	-	-	-	(9,766)	-
Discrete tax item related to state tax rate changes	-	-	-	-	-	1,388	-	-	1,388
Discrete tax items related to additional CBPC	-	-	(3,495)	-	-	-	-	(3,495)	-
Adjusted net earnings[2]	**$ 2,443**	**$ 11,579**	**$ 6,436**	**$ 23,123**	**$ 13,902**	**$ 15,253**	**$ 25,695**	**$ 20,458**	**$ 54,850**
Diluted net (loss) earnings per common share	**($0.04)**	**$ 0.52**	**$ 0.60**	**$ 3.87**	**$ 0.29**	**$ 0.61**	**$ 0.31**	**$ 1.07**	**$ 1.21**
Special items, after tax:[1]									
Debt retirement costs	0.47	-	-	-	-	-	0.78	0.48	0.76
Directors' equity-based compensation expense (benefit)	0.10	(0.03)	0.01	0.05	0.08	-	(0.01)	0.08	0.08
Costs associated with Thomaston facility closure	0.01	0.03	0.05	0.10	0.02	0.01	-	0.08	0.04
Costs associated with Long Island facility closure	-	-	-	-	0.25	0.06	0.15	-	0.47
Costs associated with optimization of the specialty paper group	-	-	-	-	-	-	0.03	-	0.03
Discrete tax items related to release of uncertain tax positions	-	-	(0.21)	(2.93)	-	-	-	(0.21)	-
Discrete tax items related to credit conversions	(0.43)	-	-	-	-	-	-	(0.43)	-
Discrete tax item related to state tax rate changes	-	-	-	-	-	0.07	-	-	0.07
Discrete tax items related to additional CBPC	-	-	(0.16)	-	-	-	-	(0.15)	-
Diluted adjusted net earnings per common share[2]	**$ 0.11**	**$ 0.51**	**$ 0.29**	**$ 1.09**	**$ 0.66**	**$ 0.74**	**$ 1.28**	**$ 0.91**	**$ 2.66**

[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	Q3'14	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2014
GAAP income tax benefit (provision)	$14,675	($6,962)	$5,183	$55,825	($3,558)	($9,942)	($3,735)	$12,896	($17,235)
Special items, tax impact:									
Debt retirement costs	(6,277)	-	-	-	-	-	(8,643)	(6,277)	(8,643)
Directors' equity-based compensation (expense) benefit	(1,278)	435	(140)	(416)	(1,015)	13	65	(983)	(937)
Costs associated with Thomaston facility closure	(67)	(386)	(665)	(915)	(270)	(132)	(15)	(1,118)	(417)
Costs associated with Long Island facility closure	-	-	-	-	(3,038)	(650)	(1,698)	-	(5,386)
Costs associated with optimization of the specialty paper group	-	-	-	-	-	-	(377)	-	(377)
Discrete tax items related to release of uncertain tax positions	-	-	(4,659)	(62,798)	-	-	-	(4,659)	-
Discrete tax items related to credit conversions	(9,766)	-	-	(66)	-	-	-	(9,766)	-
Discrete tax item related to state tax rate changes	-	-	-	-	-	1,388	-	-	1,388
Discrete tax items related to additional CBPC	-	-	(3,495)	-	-	-	-	(3,495)	-
Adjusted income tax provision[1]	**($2,713)**	**($6,913)**	**($3,776)**	**($8,370)**	**($7,881)**	**($9,323)**	**($14,403)**	**($13,402)**	**($31,607)**

[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	Q3'14	Nine Months Ended September 30, 2013	Nine Months Ended September 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	$ 6,253	$ 24,093	$ 24,932
Interest expense, net[2]	28,040	11,094	10,708	11,252	10,734	10,688	33,990	49,842	55,412
Income tax (benefit) provision	(14,675)	6,962	(5,183)	(55,825)	3,558	9,942	3,735	(12,896)	17,235
Depreciation and amortization expense	22,151	23,253	22,180	22,688	22,231	22,015	22,293	67,584	66,539
EBITDA[1]	**$ 34,634**	**$ 52,967**	**$ 41,022**	**$ 60,977**	**$ 42,749**	**$ 55,098**	**$ 66,271**	**$ 128,623**	**$ 164,118**
Directors' equity-based compensation expense (benefit)	3,472	(1,141)	361	1,392	2,817	(36)	(185)	2,692	2,596
Costs associated with Thomaston facility closure	183	1,013	1,717	3,064	750	374	42	2,913	1,166
Costs associated with Long Island facility closure	-	-	-	-	8,432	1,843	4,767	-	15,042
Costs associated with optimization of the specialty paper group	-	-	-	-	-	-	1,066	-	1,066
Adjusted EBITDA[3]	**$ 38,289**	**$ 52,839**	**$ 43,100**	**$ 65,433**	**$ 54,748**	**$ 57,279**	**$ 71,961**	**$ 134,228**	**$ 183,988**

[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 the first quarter of 2013 and third quarter of 2014 includes debt retirement costs of $17.1 million and $24.4 million, respectively.
[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	Q3'14	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2014
Consumer Products									
Operating income (loss)	$ 10,124	$ 14,815	$ 13,445	$ 14,415	($523)	$ 12,705	$ 12,535	$ 38,384	$ 24,717
Depreciation and amortization expense	16,092	17,030	16,002	16,073	15,490	15,071	15,484	49,124	46,045
Segment EBITDA[1]	**$ 26,216**	**$ 31,845**	**$ 29,447**	**$ 30,488**	**$ 14,967**	**$ 27,776**	**$ 28,019**	**$ 87,508**	**$ 70,762**
Costs associated with Thomaston facility closure	183	1,013	1,717	3,064	750	374	42	2,913	1,166
Costs associated with Long Island facility closure	-	-	-	-	8,432	1,843	4,767	-	15,042
Costs associated with optimization of the specialty paper group	-	-	-	-	-	-	579	-	579
Segment Adjusted EBITDA[2]	**$ 26,399**	**$ 32,858**	**$ 31,164**	**$ 33,552**	**$ 24,149**	**$ 29,993**	**$ 33,407**	**$ 90,421**	**$ 87,549**
Pulp and Paperboard									
Operating income	$ 17,553	$ 24,772	$ 16,289	$ 37,167	$ 36,776	$ 33,635	$ 45,602	$ 58,614	$ 116,013
Depreciation and amortization expense	5,659	5,778	5,758	6,071	6,270	6,019	5,939	17,195	18,228
Segment EBITDA[1]	**$ 23,212**	**$ 30,550**	**$ 22,047**	**$ 43,238**	**$ 43,046**	**$ 39,654**	**$ 51,541**	**$ 75,809**	**$ 134,241**
Segment Adjusted EBITDA[2]	**$ 23,212**	**$ 30,550**	**$ 22,047**	**$ 43,238**	**$ 43,046**	**$ 39,654**	**$ 51,541**	**$ 75,809**	**$ 134,241**
Corporate									
Operating loss	($15,194)	($9,873)	($10,892)	($13,293)	($15,735)	($13,257)	($14,159)	($35,959)	($43,151)
Depreciation and amortization expense	400	445	420	544	471	925	870	1,265	2,266
Segment EBITDA[1]	**($14,794)**	**($9,428)**	**($10,472)**	**($12,749)**	**($15,264)**	**($12,332)**	**($13,289)**	**($34,694)**	**($40,885)**
Directors' equity-based compensation expense (benefit)	3,472	(1,141)	361	1,392	2,817	(36)	(185)	2,692	2,596
Costs associated with optimization of the specialty paper group	-	-	-	-	-	-	487	-	487
Segment Adjusted EBITDA[2]	**($11,322)**	**($10,569)**	**($10,111)**	**($11,357)**	**($12,447)**	**($12,368)**	**($12,987)**	**($32,002)**	**($37,802)**

[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 September 30, 2014
Net earnings[1]	$ 69,520	$ 73,800	$ 39,674	$ 64,131	$ 106,955	$ 107,794
Interest expense, net	15,505	22,571	44,809	33,796	44,036	42,244
Net earnings before interest[2]	**$ 85,025**	**$ 96,371**	**$ 84,483**	**$ 97,927**	**$ 150,991**	**$ 150,038**
Tangible stockholders' equity[3]	$ 363,736	$ 182,416	$ 205,623	$ 263,608	$ 334,783	$ 276,834
Debt	148,285	538,314	523,694	523,933	650,000	622,047
(Excess) deficit cash[4]	(175,750)	(130,023)	(48,440)	(17,579)	(78,675)	1,422
Invested capital	**$ 336,271**	**$ 590,707**	**$ 680,877**	**$ 769,962**	**$ 906,108**	**$ 900,303**
Return on Invested Capital (ROIC)	**25.3%**	**16.3%**	**12.4%**	**12.7%**	**16.7%**	**16.7%**
Stockholders' equity	$ 363,736	$ 468,349	$ 484,904	$ 540,894	$ 605,094	$ 540,956
Goodwill	-	(229,533)	(229,533)	(229,533)	(229,533)	(229,533)
Intangible assets, net	-	(56,400)	(49,748)	(47,753)	(40,778)	(34,589)
Tangible stockholders' equity[3]	**$ 363,736**	**$ 182,416**	**$ 205,623**	**$ 263,608**	**$ 334,783**	**$ 276,834**
Cash	$ 2,824	$ 18,928	$ 8,439	$ 12,579	$ 23,675	$ 13,578
Short-term investments	187,926	126,095	55,001	20,000	70,000	-
Operating cash[5]	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
Excess (deficit) cash[4]	**$ 175,750**	**$ 130,023**	**$ 48,440**	**$ 17,579**	**$ 78,675**	**$ (1,422)**

[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.
[3] Tangible stockholders' equity is defined as stockholders' equity less Goodwill and Intangible assets, net.
[4] Excess (deficit) 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.
Note: Balance sheet items are as of December 31st of each year presented.

Q4'14 Outlook
Pro Forma Outlook (assuming 2011 cost structure)
Reconciliation of Non-GAAP Financial Measures (Unaudited)

(Dollars in thousands)	Outlook Three Months Ending December 31, 2014 Range of Estimate From	To	Pro Forma Outlook (assuming 2011 cost structure) Three Months Ending December 31, 2014 Range of Estimate From	To
Earnings before interest, income taxes, and depreciation & amortization (EBITDA)[1]				
GAAP net earnings	$12,500	$17,500	$17,500	$22,500
Interest expense, net	8,500	8,500	8,500	8,500
Income tax provision	7,500	10,500	10,500	13,500
Depreciation and amortization expense	22,000	22,000	22,000	22,000
EBITDA[1]	**$ 50,500**	**$ 58,500**	**$ 58,500**	**$ 66,500**
Directors' equity-based compensation expense	700	700	700	700
Costs associated with Long Island facility closure	4,200	4,200	4,200	4,200
Costs associated with optimization of the specialty paper group	600	600	600	600
Adjusted EBITDA[2]	**$ 56,000**	**$ 64,000**	**$ 64,000**	**$ 72,000**

[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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