CLEARWATER PAPER CORPORATION

FIRST QUARTER 2017 SUPPLEMENTAL INFORMATION

04/20/17

LINDA MASSMAN
PRESIDENT, CHIEF EXECUTIVE OFFICER AND DIRECTOR

JOHN HERTZ
SENIOR VICE PRESIDENT FINANCE AND CHIEF FINANCIAL OFFICER

FORWARD-LOOKING STATEMENTS

This presentation of 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 Q2 2017; the costs, timing and benefits associated with strategic capital investments and operational improvements; financial models; estimated Q2 2017 net earnings, EBITDA, adjusted EBITDA, operating income, adjusted operating income, adjusted net earnings, net earnings per diluted common share, adjusted net earnings per diluted common share, net sales and adjusted operating margin; product volumes shipped; product pricing and sales mix; pulp costs; cost and timing of major maintenance and repairs; inventory unit costs; and productivity gains. 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:

- our ability to execute on our growth and expansion strategies;
- unanticipated construction delays involving our planned new tissue manufacturing operations in Shelby, NC;
- competitive pricing pressures for our products, including as a result of increased capacity as additional manufacturing facilities are operated by our competitors;
- customer acceptance and timing and quantity of purchases of our tissue products, including the existence of sufficient demand for and the quality of tissue produced at our newly announced Shelby, NC facility when it becomes operational;
- changes in the U.S. and international economies and in general economic conditions in the regions and industries in which we operate;
- the loss of or changes in prices in regards to a significant customer;
- our ability to successfully implement our operational efficiencies and cost savings strategies;
- changes in customer product preferences and competitors' product offerings;
- manufacturing or operating disruptions, including IT system and IT system implementation failures, equipment malfunction and damage to our manufacturing facilities;
- changes in transportation costs and disruptions in transportation services;
- changes in the cost and availability of wood fiber and wood pulp;
- labor disruptions;
- cyclical industry conditions;
- changes in costs for and availability of packaging supplies, chemicals, energy and maintenance and repairs;
- environmental liabilities or expenditures;
- our ability to realize the expected benefits of our Manchester Industries acquisition;
- changes in expenses and required contributions associated with our pension plans;
- cyber-security risks;
- reliance on a limited number of third-party suppliers for raw materials;
- our inability to service our debt obligations;
- restrictions on our business from debt covenants and terms; and
- changes in laws, regulations or industry standards affecting our business.

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.

FIRST QUARTER FINANCIAL HIGHLIGHTS

$438 MILLION NET SALES, UP 3% VS. Q4'16

$21 MILLION GAAP OPERATING INCOME

$49 MILLION ADJUSTED EBITDA[1], AT LOW END OF OUR OUTLOOK RANGE OF $48 TO $56 MILLION

DILUTED GAAP EPS OF $0.45, ADJUSTED DILUTED EPS OF $0.64[1]

COMPLETED CLOSURE OF OKLAHOMA CITY TISSUE CONVERTING FACILITY AND SHUTDOWN OF TWO TISSUE MACHINES AT THE NEENAH FACILITY

RETURNED $5 MILLION TO SHAREHOLDERS VIA REPURCHASE OF 85 THOUSAND SHARES

A $8 MILLION CONTRIBUTION TO OPERATING INCOME AND A $9 MILLION CONTRIBUTION TO ADJUSTED EBITDA[1] FROM STRATEGIC CAPITAL AND OPERATIONAL EFFICIENCY INITIATIVES IN Q1'17 VS. Q1'16

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

FINANCIAL SUMMARY (GAAP BASIS)
(UNAUDITED)

(Dollars in thousands - except per-share amounts)	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17
Net sales	$ 437,204	$ 436,671	$ 435,320	$ 425,568	$ 437,525
Gross Profit	$ 68,557	$ 74,820	$ 38,715	$ 57,044	$ 50,495
Selling, general and administrative expenses	($30,795)	($34,655)	($31,190)	($32,934)	($29,937)
Gain on divested assets	$ -	$ -	$1,755	$ -	$ -
Operating income (loss)	$ 37,762	$ 40,165	$ 9,280	$ 24,110	$ 20,558
Consumer Products	18,390	18,544	17,201	13,781	6,189
Pulp and Paperboard	35,163	40,032	9,956	27,581	27,248
Corporate	(15,791)	(18,411)	(17,877)	(17,252)	(12,879)
Operating margin	8.6%	9.2%	2.1%	5.7%	4.7%
Interest expense, net	($7,643)	($7,396)	($7,520)	($7,741)	($8,043)
Debt retirement costs	$ -	$ -	$ -	($351)	$ -
Income tax provision	($11,673)	($11,905)	($859)	($6,675)	($5,000)
Net earnings	$ 18,446	$ 20,864	$ 901	$ 9,343	$ 7,515
Net earnings per diluted common share	$ 1.05	$ 1.21	$ 0.05	$ 0.56	$ 0.45

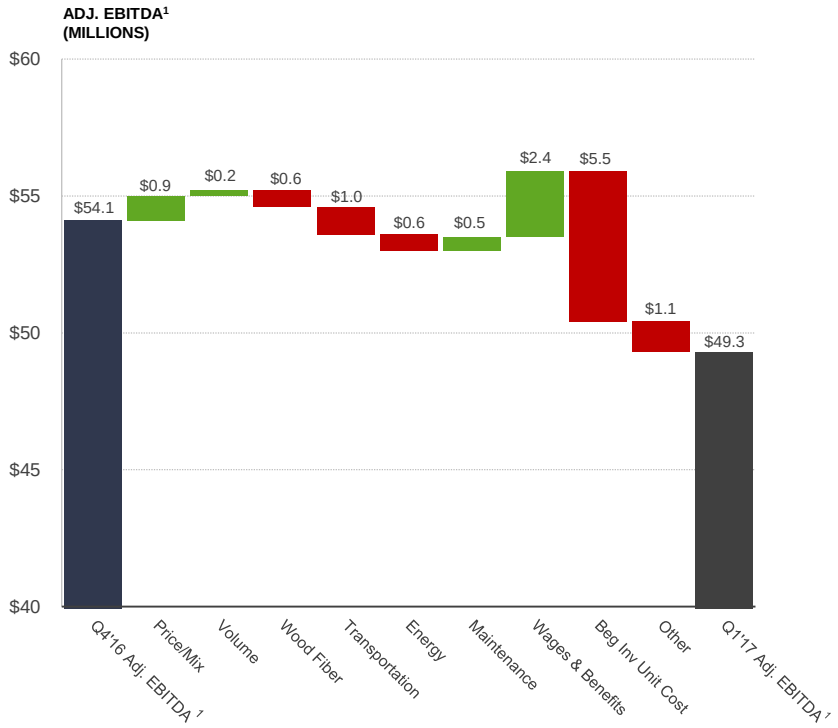
FINANCIAL SUMMARY (ADJUSTED BASIS)
(UNAUDITED)

(Dollars in thousands - except per-share amounts)	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17 Outlook[5]
Net sales	$ 437,204	$ 436,671	$ 435,320	$ 425,568	$ 437,525	0% - 1% higher
Adjusted gross profit[1]	$ 68,989	$ 75,353	$ 41,051	$ 60,215	$ 56,698	
Adjusted gross profit margin[1,2]	15.8%	17.3%	9.4%	14.1%	13.0%	
Adjusted selling, general and administrative expenses[1]	($30,069)	($31,045)	($29,489)	($29,915)	($31,272)	
Adjusted operating income (loss)[1]	$ 38,920	$ 44,308	$ 11,562	$ 30,300	$ 25,426	
Consumer Products	18,822	19,077	15,912	16,952	12,392	
Pulp and Paperboard	35,163	40,032	9,956	27,581	27,248	
Corporate	(15,065)	(14,801)	(14,306)	(14,233)	(14,214)	
Adjusted operating margin[1,3]	8.9%	10.1%	2.7%	7.1%	5.8%	4% - 5.5%
Interest expense, net	($7,643)	($7,396)	($7,520)	($7,741)	($8,043)	
Debt retirement costs	$ -	$ -	$ -	($351)	$ -	
Adjusted income tax provision[1]	($12,089)	($13,368)	($1,673)	($8,388)	($6,655)	
Adjusted net earnings[1]	$ 19,188	$ 23,544	$ 2,369	$ 13,820	$ 10,728	
Depreciation and amortization expense	$ 21,150	$ 22,024	$ 22,747	$ 25,169	$ 27,557	
Adjusted EBITDA[1]	$ 60,070	$ 66,332	$ 34,309	$ 54,125	$ 49,320	$42,000-$48,000[6]
Consumer Products	32,581	33,280	30,934	31,999	26,971	
Pulp and Paperboard	41,530	46,481	16,486	34,976	35,353	
Corporate	(14,041)	(13,429)	(13,111)	(12,850)	(13,004)	
Adjusted EBITDA margin[1,4]	13.7%	15.2%	7.9%	12.7%	11.3%	
Adjusted net earnings per diluted common share[1]	$ 1.09	$ 1.37	$ 0.14	$ 0.82	$ 0.64	
Gross debt to rolling four quarter total Adjusted EBITDA[1]	2.5	2.3	2.7 [7]	3.3 [7]	3.5	
Capital Expenditures	$ 25,732	$ 28,822	$ 54,794	$ 46,329	$ 41,804	

[1] Non-GAAP measure – See Appendix for the definition and reconciliation to the 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.
[5] 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.
[6] Non-GAAP measure – See page 15 for the reconciliation to the most comparable GAAP measure.
[7] The Q3'16 and Q4'16 Gross debt to rolling four quarter total Adjusted EBITDA results includes the impact of borrowings under revolving credit facilities previously excluded.

Q1'17 VS. Q4'16 CONSOLIDATED ADJUSTED EBITDA[1] BRIDGE

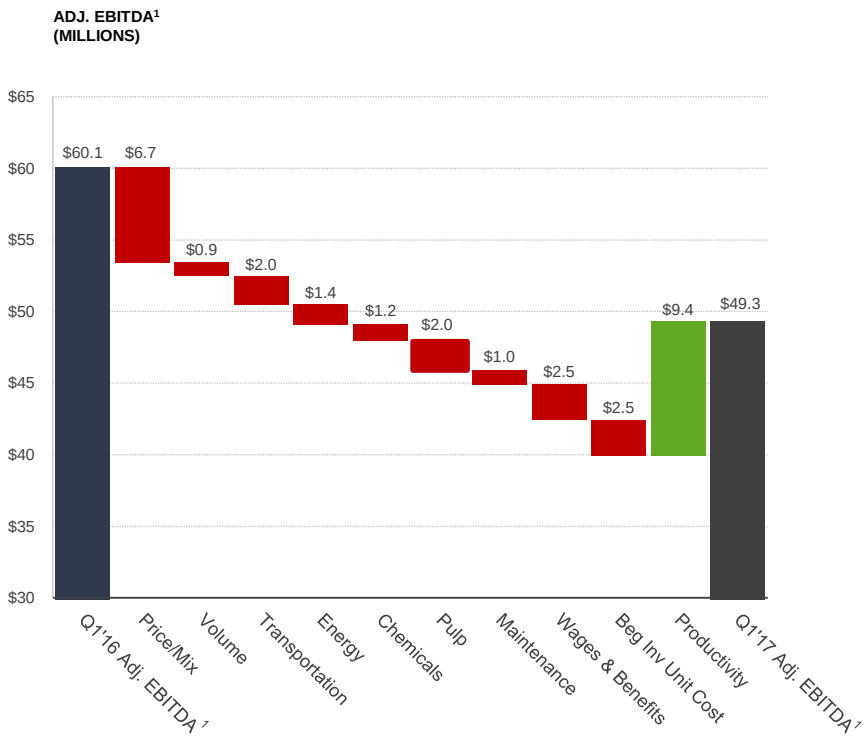
PRICE/MIX	Higher mix of retail tissue sales, partly offset by higher mix of commodity grade paperboard sales
VOLUME	Higher paperboard sales due to Manchester Industries acquisition in late Q4'16, partly offset by lower non-retail tissue sales due to shutdown of two tissue machines at the Neenah facility
WOOD FIBER	Higher wood prices at Idaho due to higher regional demand
TRANSPORTATION	Increased internal inventory shipments due to Las Vegas and Shelby outages, partly offset by network optimization initiatives
ENERGY	Higher due to seasonality
MAINTENANCE	Lower planned maintenance
WAGES & BENEFITS	Lower due to warehouse automation and shutdown of two paper machines in Neenah, partly offset by wage increases
BEGINNING INVENTORY UNIT COST	Higher tissue per unit production cost in December driven by planned curtailments and higher maintenance flowing into P&L in Q1'17
OTHER	Implementing advanced supply chain planning processes and tools



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

Q1'17 VS. Q1'16 CONSOLIDATED ADJUSTED EBITDA[1] BRIDGE

PRICE/MIX	Lower paperboard pricing and higher mix of commodity grade paperboard sales, partly offset by higher mix of retail tissue sales
VOLUME	Lower non-retail tissue sales due to shutdown of two tissue machines at the Neenah facility, partly offset by higher retail tissue sales and higher paperboard sales due to Manchester Industries acquisition in late Q4'16
TRANSPORTATION	Increased internal inventory shipments due to outages at Las Vegas and Shelby
ENERGY	Higher natural gas prices
CHEMICALS	Higher chemicals prices
PULP	Higher pulp prices
MAINTENANCE	Higher due to a scheduled water wash in Idaho
WAGES & BENEFITS	Wage and benefit rate increases
BEGINNING INVENTORY UNIT COST	Higher tissue per unit production cost in December driven by planned curtailments and higher maintenance flowing into P&L in Q1'17
PRODUCTIVITY	Warehouse automation, shutdown of two paper machines in Neenah, supply chain network optimization, procurement savings

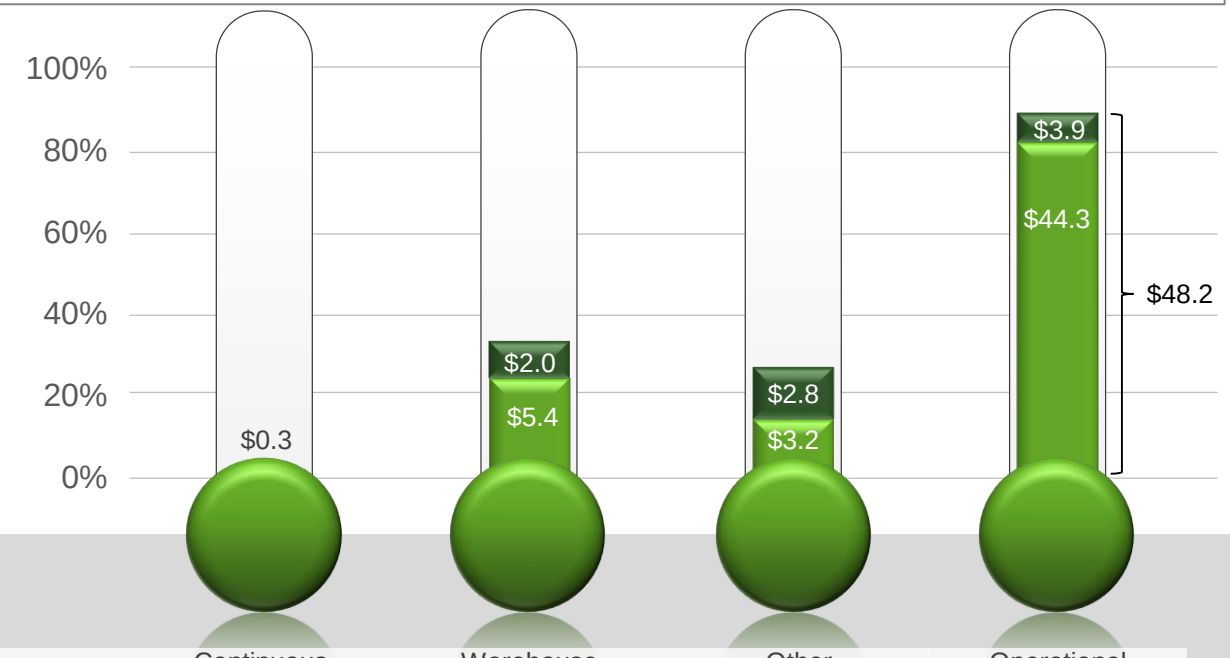


[1] Non-GAAP measure – See Appendix for the definition and reconciliation to the most comparable GAAP measure.

STRATEGIC INVESTMENT AND OPERATIONAL IMPROVEMENT SCORECARD AS OF Q1'17

- Strategic plan announced in Q1'15, expected capex of $229-$241[1] million
- Expected to yield a $98-$128[2] million operating income increase by 2018[4]
- Expected to yield a $115-$145 million Adjusted EBITDA[3] increase by 2018[4]
- Would yield a $285-$335 2018 Adjusted EBITDA[3] run rate assuming $10-$15 million of annual margin pressure[4]

FULL RUN-RATE EXPECTED IMPACT (MILLIONS $)[4]				
OPERATING INCOME	**$23-$28**	**$15-$16[2]**	**$16-$19**	**$44-$65[2]**
ADJUSTED EBITDA[3]	**$30-$35**	**$20-$21[2]**	**$21-$24**	**$44-$65[2]**



	Continuous Digester[5]	Warehouse Automation	Other Projects	Operational Improvements
TOTAL STRATEGIC CAPEX	$148-$158	$32-$34[1]	$49	$0

2015 - 2016 ADJUSTED EBITDA[1] ACHIEVED Q1'17 ADJUSTED EBITDA[1] ACHIEVED

[1] Updated to reflect reduction in strategic capex spending on Warehouse Automation.
[2] Updated to reflect shift of expected operating income benefits.
[3] Non-GAAP measure – See Appendix for the definition and reconciliation to the most comparable GAAP measure.
[4] Based on Q1'15 prices, input costs, and 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.
[5] The Continuous Digester is expected to be completed in Q4'17. 2015 - 2016 adjusted EBITDA contributions were $0.3M.

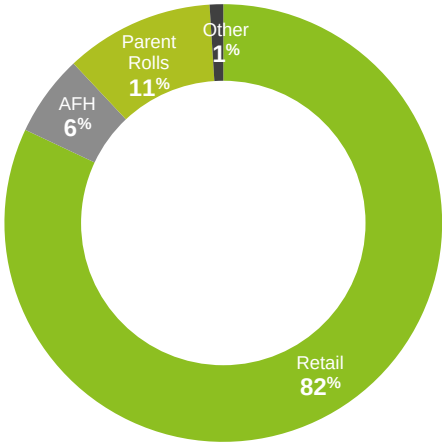
KEY SEGMENT RESULTS – CONSUMER PRODUCTS (UNAUDITED)

	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	CONSUMER PRODUCTS CROSS-CYCLE FINANCIAL MODEL
Shipments						
Non-Retail (short tons)[1]	24,358	20,028	18,384	19,182	16,678	
Retail (short tons)	75,027	79,095	82,216	77,704	78,686	
Total Tissue Tons	99,385	99,123	100,600	96,886	95,364	
Converted Products (cases in thousands)[2]	12,990	13,229	13,770	12,886	13,123	
Sales Price						
Non-Retail ($/short ton)[1]	$1,477	$1,496	$1,506	$1,442	$1,439	
Retail ($/short ton)	$2,784	$2,747	$2,742	$2,757	$2,772	
Total Tissue ($/short ton)	$2,464	$2,494	$2,516	$2,496	$2,539	
Segment net sales ($ in thousands)	$245,018	$247,912	$253,319	$242,131	$242,423	
Segment GAAP operating income ($ in thousands)	$18,390	$18,544	$17,201	$13,781	$6,189	
Segment GAAP operating margin	7.5%	7.5%	6.8%	5.7%	2.6%	
Segment Adjusted EBITDA[3] ($ in thousands)	$32,581	$33,280	$30,934	$31,999	$26,971	
Segment Adjusted EBITDA margin[4]	13.3%	13.4%	12.2%	13.2%	11.1%	17.0%

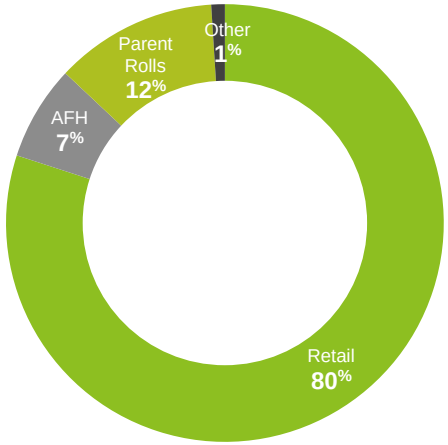
[1] Includes away-from-home (AFH), contract and parent roll tissue products. [2] Includes retail, AFH, and contract tissue case products.
[3] Non-GAAP measure – See Appendix for the definition and reconciliation to the most comparable GAAP measure.
[4] Non-GAAP measure – Segment Adjusted EBITDA margin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

CLEARWATER PAPER TISSUE SHIPMENTS AND U.S. RETAIL TISSUE MARKET

CLW Q1'17 by Market Segment
(% of Tons)



CLW Q4'16 by Market Segment
(% of Tons)



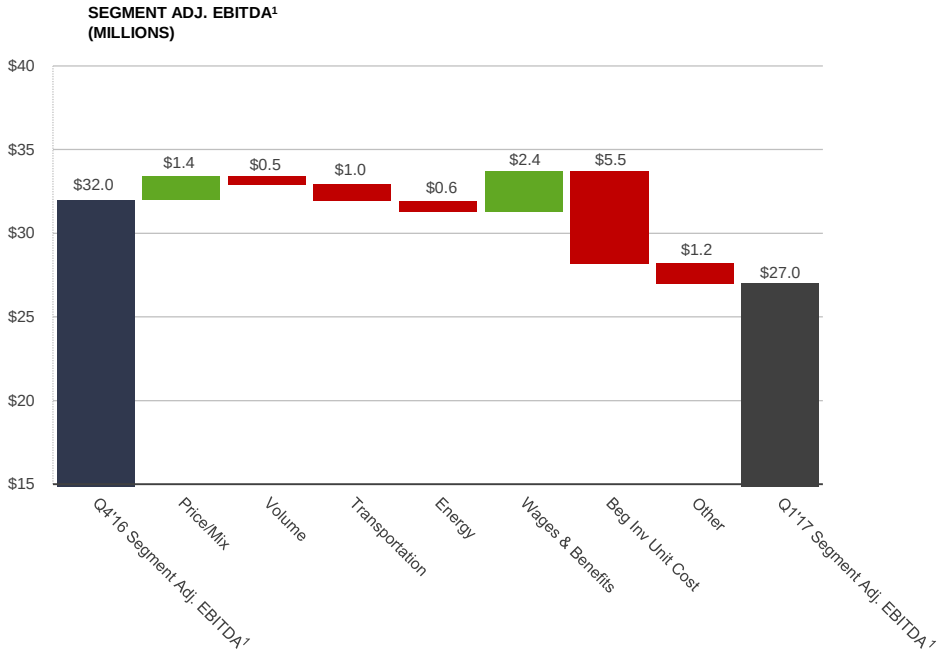
U.S. Retail Tissue Market ($)
(MultiOutlet)[1]

CATEGORY	PRIVATE LABEL	BRANDS	TOTAL
Total Retail Tissue Share ($)	25%	75%	100%
% Change Q1'17 vs. Q4'16	(0.2)%	0.2%	-%

[1] Data Source: IRI Worldwide data through March 26, 2017.

Q1’17 VS. Q4’16 CONSUMER PRODUCTS ADJUSTED EBITDA[1] BRIDGE

PRICE/MIX	Higher mix of retail tissue sales
VOLUME	Lower non-retail tissue sales due to shutdown of two paper machines at the Neenah facility
TRANSPORTATION	Increased internal inventory shipments due to Las Vegas and Shelby outages, partly offset by network optimization initiatives
ENERGY	Higher due to seasonality
WAGES & BENEFITS	Lower due to warehouse automation and shutdown of two paper machines in Neenah, partly offset by wage increases
BEGINNING INVENTORY UNIT COST	Higher tissue per unit production cost in December driven by planned curtailments and higher maintenance flowing into P&L in Q1’17
OTHER	Implementing advanced supply chain planning processes and tools



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

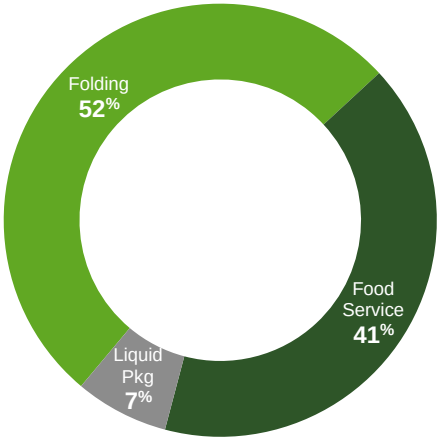
KEY SEGMENT RESULTS – PULP AND PAPERBOARD
(UNAUDITED)

	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17[3]	PULP AND PAPERBOARD CROSS-CYCLE FINANCIAL MODEL
Shipments						
Paperboard (short tons)	201,340	199,132	196,271	199,415	210,382	
Sales Price						
Paperboard ($/short ton)	$952	$948	$927	$920	$927	
Segment net sales ($ in thousands)	$192,186	$188,759	$182,001	$183,437	$195,102	
Segment GAAP operating income ($ in thousands)	$35,163	$40,032	$9,956	$27,581	$27,248	
Segment GAAP operating margin	18.3%	21.2%	5.5%	15.0%	14.0%	
Segment Adjusted EBITDA[1] ($ in thousands)	$41,530	$46,481	$16,486	$34,976	$35,353	
Segment Adjusted EBITDA margin[2]	21.6%	24.6%	9.1%	19.1%	18.1%	19.0%

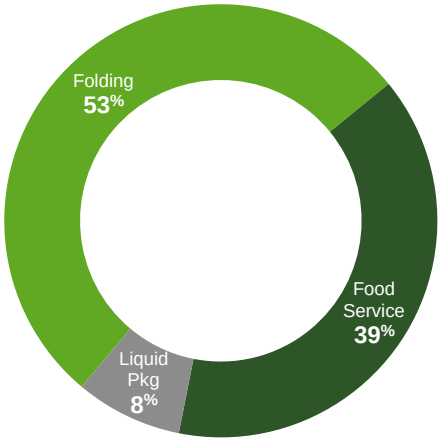
[1] Non-GAAP measure – See Appendix for the definition and reconciliation to the most comparable GAAP measure.
[2] Non-GAAP measure – Segment Adjusted EBITDA margin is defined as Segment Adjusted EBITDA divided by Segment net sales.
[3] Results include the full impact of Manchester Industries, which was acquired at the end of Q4'16.

CLEARWATER PAPER PAPERBOARD SHIPMENTS AND U.S. PAPERBOARD MARKET

CLW Q1'17 by Market Segment
(% of Tons)



CLW Q4'16 by Market Segment
(% of Tons)



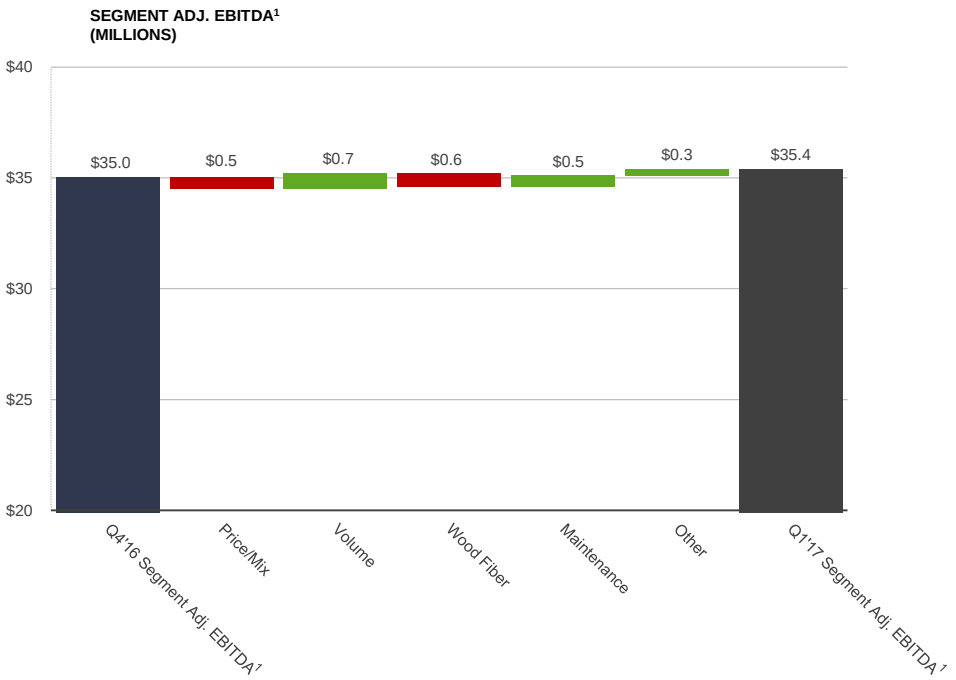
U.S. Paperboard Production[3]

CATEGORY	CLEARWATER PAPER	OTHER
Total Domestic SBS[1] Market Share	14%	86%
Folding	18%	82%
Food Service[2]	15%	85%
Liquid Packaging	4%	96%

[1] Solid Bleached Sulfate.
[2] Food Service includes cup, plate, dish and tray products.
[3] Data Source: American Forest and Paper Association Solid Bleached Domestic Production – March YTD 2017.

Q1’17 VS. Q4’16
PULP AND PAPERBOARD ADJUSTED EBITDA[1] BRIDGE

PRICE/MIX	Higher mix of commodity grade paperboard sales
VOLUME	Higher paperboard sales due to Manchester Industries acquisition in late Q4’16
WOOD FIBER	Higher wood prices at Idaho due to higher regional demand
MAINTENANCE	Lower planned maintenance



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

CLEARWATER PAPER CROSS-CYCLE FINANCIAL MODEL

(Dollars in thousands)	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	CLEARWATER PAPER CROSS-CYCLE FINANCIAL MODEL
Net sales	100%	100%	100%	100%	100%	100%
Adjusted gross profit margin[1]	15.8%	17.3%	9.4%	14.1%	13.0%	17.0%
Adjusted SG&A expenses[1] as % of net sales	(6.9%)	(7.1%)	(6.8%)	(7.0%)	(7.1%)	(6.0%)
Adjusted operating margin[1]	8.9%	10.1%	2.7%	7.1%	5.8%	11.0%
Adjusted net earnings[1] as % of net sales	4.4%	5.4%	0.5%	3.2%	2.5%	5.0%
Adjusted EBITDA margin[1]	13.7%	15.2%	7.9%	12.7%	11.3%	15.0%

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

Q2'17 OUTLOOK[1] RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)

	OUTLOOK THREE MONTHS ENDING JUNE 30, 2017 RANGE OF ESTIMATE	
(Dollars in thousands)	FROM	TO
Earnings before interest, income taxes, and depreciation & amortization (EBITDA)[2]:		
GAAP net earnings	$6,250	$9,500
Interest expense, net	$8,000	$8,000
Income tax provision	$3,250	$5,000
Depreciation and amortization expense	$23,000	$24,000
EBITDA[2]	$40,500	$46,500
Directors' equity-based compensation expense	$500	$500
Costs associated with Long Island facility closure	$500	$500
Costs associated with announced Oklahoma City facility closure	$500	$500
Adjusted EBITDA[3]	$42,000	$48,000

[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] EBITDA is a non-GAAP measure that management uses as a supplemental performance measure. The most directly comparable GAAP measure is net earnings (loss). 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.
[3] Adjusted EBITDA excludes the impact of the items listed that we do not believe are indicative of our core operating performance.

Q2'17 OUTLOOK[1] RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)

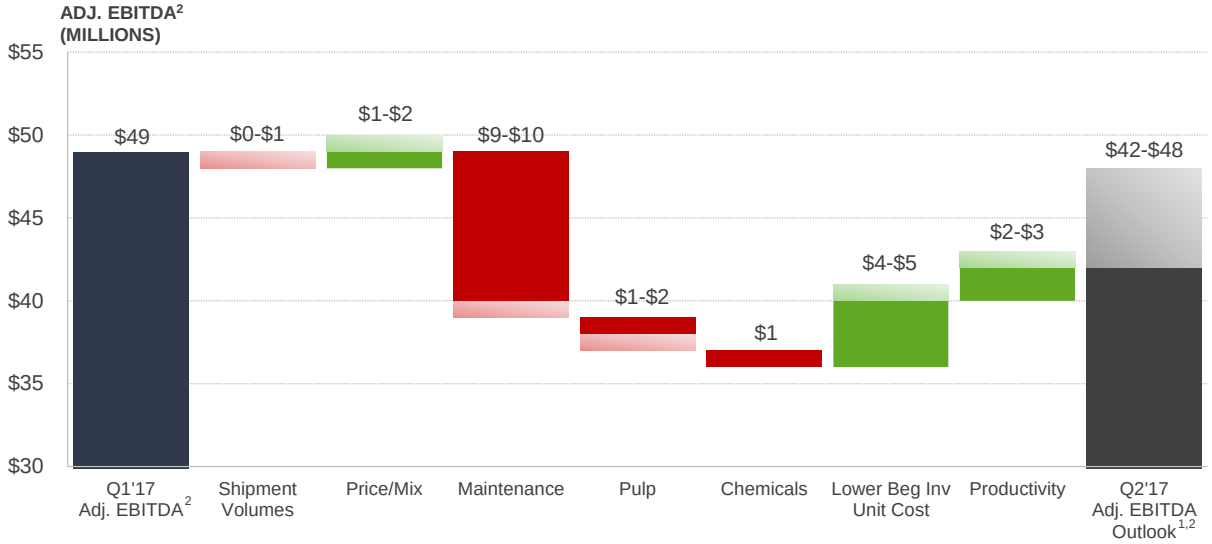
	OUTLOOK THREE MONTHS ENDING JUNE 30, 2017 RANGE OF ESTIMATE	
(Dollars in thousands)	FROM	TO
GAAP Operating Income	$17,500	$22,500
Directors' equity-based compensation expense	$500	$500
Costs associated with Long Island facility closure	$500	$500
Costs associated with announced Oklahoma City facility closure	$500	$500
Adjusted operating income[2]	$19,000	$24,000

(Dollars in thousands)	FROM	TO
GAAP net earnings	$6,250	$9,500
Special items, after tax[3]:		
Directors' equity-based compensation expense	$330	$330
Costs associated with Long Island facility closure	$330	$330
Costs associated with announced Oklahoma City facility closure	$330	$330
Adjusted net earnings[2]	$7,240	$10,490

	FROM	TO
GAAP net earnings per diluted common share[4]	$0.38	$0.57
Adjusted net earnings per diluted common share[2,4]	$0.44	$0.63

[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] Adjusted operating income, Adjusted net earnings and Adjusted net earnings per diluted common share exclude the impact of the items listed that we do not believe are indicative of our core operating performance.
[3] All non-tax items are tax effected at a 34% annual rate.
[4] GAAP net earnings per diluted common share and Adjusted net earnings per diluted common share are calculated utilizing first quarter 2017 diluted average common shares outstanding of 16,642 (in thousands).

Q2'17 OUTLOOK[1]



NET SALES	0% - 1% higher
ADJUSTED OPERATING MARGIN[2,3]	4% - 5.5%
ADJUSTED EBITDA[2]	$42M - $48M
ADJUSTED NET EARNINGS PER DILUTED COMMON SHARE[2,4]	$0.44 - $0.63

[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 prior slides for the reconciliation to the most comparable GAAP measure.
[3] Adjusted operating margin is defined as net sales divided by adjusted operating income.
[4] Adjusted net earnings per diluted common share is calculated utilizing first quarter 2017 diluted average common shares outstanding of 16,642 (in thousands).

APPENDIX

ADJUSTED GROSS PROFIT & ADJUSTED SG&A RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)

(Dollars in thousands)	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17
Gross profit[1]	$ 68,557	$ 74,820	$ 38,715	$ 57,044	$ 50,495
Costs associated with Long Island facility closure	432	533	466	460	466
Pension settlement expense	-	-	1,870	-	-
Costs associated with Oklahoma City facility closure	-	-	-	1,662	5,737
Costs associated with Neenah paper machines shutdown	-	-	-	1,049	-
Adjusted gross profit[2]	$ 68,989	$ 75,353	$ 41,051	$ 60,215	$ 56,698
Selling, general and administrative expenses (SG&A)	($30,795)	($34,655)	($31,190)	($32,934)	($29,937)
Directors' equity-based compensation expense (benefit)	726	3,610	89	354	(1,450)
Pension settlement expense	-	-	1,612	-	-
Manchester Industries acquisition related expenses	-	-	-	2,665	115
Adjusted selling, general and administrative expenses[2]	($30,069)	($31,045)	($29,489)	($29,915)	($31,272)

[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)	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17
Consumer Products					
Operating income	$ 18,390	$ 18,544	$ 17,201	$ 13,781	$ 6,189
Costs associated with Long Island facility closure	432	533	466	460	466
Gain associated with the sale of the specialty mills, net	-	-	(1,755)	-	-
Costs associated with Oklahoma City facility closure	-	-	-	1,662	5,737
Costs associated with Neenah paper machines shutdown	-	-	-	1,049	-
Adjusted Consumer Products operating income[1]	$ 18,822	$ 19,077	$ 15,912	$ 16,952	$ 12,392
Pulp and Paperboard					
Operating Income	$ 35,163	$ 40,032	$ 9,956	$ 27,581	$ 27,248
Adjusted Pulp and Paperboard operating income[1]	$ 35,163	$ 40,032	$ 9,956	$ 27,581	$ 27,248
Corporate					
Operating loss	($15,791)	($18,411)	($17,877)	($17,252)	($12,879)
Directors' equity-based compensation expense (benefit)	726	3,610	89	354	(1,450)
Pension settlement expense	-	-	3,482	-	-
Manchester Industries acquisition related expenses	-	-	-	2,665	115
Adjusted Corporate operating loss[1]	($15,065)	($14,801)	($14,306)	($14,233)	($14,214)

[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 & ADJUSTED NET EARNINGS PER DILUTED COMMON SHARE RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)

(Dollars in thousands - except per-share amounts)	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17
GAAP net earnings	$ 18,446	$ 20,864	$ 901	$ 9,343	$ 7,515
Special items, after tax[1]:					
Directors' equity-based compensation expense (benefit)	465	2,335	57	229	(957)
Costs associated with Long Island facility closure	277	345	300	297	308
Gain associated with the sale of the specialty mills, net	-	-	(1,129)	-	-
Pension settlement expense	-	-	2,240	-	-
Costs associated with Oklahoma City facility closure	-	-	-	1,073	3,786
Costs associated with Neenah paper machines shutdown	-	-	-	678	-
Manchester Industries acquisition related expenses	-	-	-	2,200	76
Adjusted net earnings[2]	$ 19,188	$ 23,544	$ 2,369	$ 13,820	$ 10,728
Net earnings per diluted common share	$ 1.05	$ 1.21	$ 0.05	$ 0.56	$ 0.45
Special items, after tax:[1]					
Directors' equity-based compensation expense (benefit)	0.03	0.14	-	0.01	(0.06)
Costs associated with Long Island facility closure	0.02	0.02	0.02	0.02	0.02
Gain associated with the sale of the specialty mills, net	-	-	(0.07)	-	-
Pension settlement expense	-	-	0.13	-	-
Costs associated with Oklahoma City facility closure	-	-	-	0.06	0.23
Costs associated with Neenah paper machines shutdown	-	-	-	0.04	-
Manchester Industries acquisition related expenses	-	-	-	0.13	-
Adjusted net earnings per diluted common share[2]	$ 1.09	$ 1.37	$ 0.14	$ 0.82	$ 0.64

[1] All non-tax items are tax effected at the expected annual rate for that period.
[2] Adjusted net earnings and Adjusted net earnings per diluted 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)	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17
GAAP income tax provision	($11,673)	($11,905)	($859)	($6,675)	($5,000)
Special items, tax impact:					
Directors' equity-based compensation (expense) benefit	(261)	(1,275)	(32)	(125)	493
Costs associated with Long Island facility closure	(155)	(188)	(166)	(163)	(158)
Gain associated with the sale of the specialty mills, net	-	-	626	-	-
Pension settlement expense	-	-	(1,242)	-	-
Costs associated with Oklahoma City facility closure	-	-	-	(589)	(1,951)
Costs associated with Neenah paper machines shutdown	-	-	-	(371)	-
Manchester Industries acquisition related expenses	-	-	-	(465)	(39)
Adjusted income tax provision[1]	($12,089)	($13,368)	($1,673)	($8,388)	($6,655)

[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)	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17
Earnings before interest, income taxes, and depreciation & amortization (EBITDA)[1]					
GAAP net earnings	$ 18,446	$ 20,864	$ 901	$ 9,343	$ 7,515
Interest expense, net[2]	7,643	7,396	7,520	8,092	8,043
Income tax provision	11,673	11,905	859	6,675	5,000
Depreciation and amortization expense	21,150	22,024	22,747	25,169	27,557
EBITDA[1]	$ 58,912	$ 62,189	$ 32,027	$ 49,279	$ 48,115
Directors' equity-based compensation expense (benefit)	726	3,610	89	354	(1,450)
Costs associated with Long Island facility closure	432	533	466	460	466
Gain associated with the sale of the specialty mills, net	-	-	(1,755)	-	-
Pension settlement expense	-	-	3,482	-	-
Costs associated with Oklahoma City facility closure	-	-	-	318	2,074
Costs associated with Neenah paper machines shutdown	-	-	-	1,049	-
Manchester Industries acquisition related expenses	-	-	-	2,665	115
Adjusted EBITDA[3]	$ 60,070	$ 66,332	$ 34,309	$ 54,125	$ 49,320

[1] EBITDA is a non-GAAP measure that management uses as a supplemental performance measure. The most directly comparable GAAP measure is net earnings (loss). EBITDA is net earnings (loss) 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 (loss) computed under GAAP.
[2] Interest expense, net for the fourth quarter of 2016 includes debt retirement costs of $0.4 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)	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17
Consumer Products					
Operating income	$ 18,390	$ 18,544	$ 17,201	$ 13,781	$ 6,189
Depreciation and amortization expense	13,759	14,203	15,022	16,391	18,242
Segment EBITDA[1]	$ 32,149	$ 32,747	$ 32,223	$ 30,172	$ 24,431
Costs associated with Long Island facility closure	432	533	466	460	466
Gain associated with the sale of the specialty mills, net	-	-	(1,755)	-	-
Costs associated with Oklahoma City facility closure	-	-	-	318	2,074
Costs associated with Neenah paper machines shutdown	-	-	-	1,049	-
Segment Adjusted EBITDA[2]	$ 32,581	$ 33,280	$ 30,934	$ 31,999	$ 26,971
Pulp and Paperboard					
Operating income	$ 35,163	$ 40,032	$ 9,956	$ 27,581	$ 27,248
Depreciation and amortization expense	6,367	6,449	6,530	7,395	8,105
Segment EBITDA[1]	$ 41,530	$ 46,481	$ 16,486	$ 34,976	$ 35,353
Segment Adjusted EBITDA[2]	$ 41,530	$ 46,481	$ 16,486	$ 34,976	$ 35,353
Corporate					
Operating loss	($15,791)	($18,411)	($17,877)	($17,252)	($12,879)
Depreciation and amortization expense	1,024	1,372	1,195	1,383	1,210
Corporate EBITDA[1]	($14,767)	($17,039)	($16,682)	($15,869)	($11,669)
Directors' equity-based compensation expense (benefit)	726	3,610	89	354	(1,450)
Pension settlement expense	-	-	3,482	-	-
Manchester Industries acquisition related expenses	-	-	-	2,665	115
Corporate Adjusted EBITDA[2]	($14,041)	($13,429)	($13,111)	($12,850)	($13,004)

[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.

RECONCILIATION OF GAAP TO NON-GAAP: STRATEGIC INVESTMENTS[1] (UNAUDITED)

FULL RUN-RATE EXPECTED ADJUSTED EBITDA[2] IMPACT

(Dollars in millions)	CONTINUOUS DIGESTER	WAREHOUSE AUTOMATION	OTHER PROJECTS		OPERATIONAL IMPROVEMENTS		
			PAPER MACHINE UPGRADES	CONVERTING LINE	OPERATIONAL EFFICIENCY	SALES & MARKETING EFFICIENCY	STRANDED OVERHEAD
Expected Operating income	$22.5 - $27.5	$15.3 - $16.3	$7.1 - $8.1	$8.6 - $10.6	$27 - $43	$10 - $15	$ 7
Expected depreciation	$ 7.5	$ 4.7	$ 3.9	$ 1.4	$ -	$ -	$ -
Expected EBITDA[2]	$30 - $35	$20 - $21	$11 - $12	$10 - $12	$27 - $43	$10 - $15	$ 7
Expected Adjusted EBITDA[2]	$30 - $35	$20 - $21	$11 - $12	$10 - $12	$27 - $43	$10 - $15	$ 7

2015 THROUGH Q1'17 ADJUSTED EBITDA[2] IMPACT

(Dollars in millions)	CONTINUOUS DIGESTER	WAREHOUSE AUTOMATION	OTHER PROJECTS	OPERATIONAL IMPROVEMENTS
Operating income	($ 0.3)	$6.6	$3.7	$48.2
Depreciation	$ 0.6	$ 0.8	$ 2.3	$ -
EBITDA[2]	$ 0.3	$ 7.4	$ 6.0	$ 48.2
Adjusted EBITDA[2]	$ 0.3	$ 7.4	$ 6.0	$ 48.2

[1] Based on Q1'15 prices, input costs, and 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 Appendix for the definition.

RECONCILIATION OF GAAP TO NON-GAAP: STRATEGIC INVESTMENTS[1] (UNAUDITED)

Q1'17 ADJUSTED EBITDA[2] IMPACT

(Dollars in millions)	CONTINUOUS DIGESTER	WAREHOUSE AUTOMATION	OTHER PROJECTS	OPERATIONAL IMPROVEMENTS
Operating income	($ 0.2)	$1.6	$2.3	$3.9
Depreciation	$ 0.2	$ 0.4	$ 0.5	$ -
EBITDA[2]	$ -	$ 2.0	$ 2.8	$ 3.9
Adjusted EBITDA[2]	$ -	$ 2.0	$ 2.8	$ 3.9

2015-2016 ADJUSTED EBITDA[2] IMPACT

(Dollars in millions)	CONTINUOUS DIGESTER	WAREHOUSE AUTOMATION	OTHER PROJECTS	OPERATIONAL IMPROVEMENTS
Operating income	($ 0.1)	$5.0	$1.4	$44.3
Depreciation	$ 0.4	$ 0.4	$ 1.8	$ -
EBITDA[2]	$ 0.3	$ 5.4	$ 3.2	$ 44.3
Adjusted EBITDA[2]	$ 0.3	$ 5.4	$ 3.2	$ 44.3

[1] Based on Q1'15 prices, input costs, and 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 Appendix for the definition.

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