CLEARWATER PAPER CORPORATION

SECOND QUARTER 2018 SUPPLEMENTAL INFORMATION

08/01/18

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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 the costs, timing and benefits associated with strategic capital investments and operational improvements; financial models; estimated Q3 2018 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; and Q3 2018 product pricing and sales mix, product volumes shipped, pulp, transportation and maintenance. 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:

- competitive pricing pressures for our products, including as a result of increased capacity as additional manufacturing facilities are operated by our competitors;
- the loss of, changes in prices in regards to, or a reduction in orders from, a significant customer;
- changes in customer product preferences and competitors' product offerings;
- our ability to successfully implement our operational efficiencies and cost savings strategies, including related capital projects and achieve the expected operational or financial results of those projects, including from the continuous digester at our Lewiston facility;
- our ability to execute on our expansion strategies, including on-time completion of our planned new tissue manufacturing operations in Shelby, North Carolina;
- 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 by our expanded Shelby, North Carolina operations when they are completed;
- changes in the U.S. and international economies and in general economic conditions in the regions and industries in which we operate;
- labor disruptions;
- changes in transportation costs and disruptions in transportation services;
- changes in the cost and availability of wood fiber and wood pulp;
- manufacturing or operating disruptions, including IT system and IT system implementation failures, equipment malfunction and damage to our manufacturing facilities;
- changes in costs for and availability of packaging supplies, chemicals, energy and maintenance and repairs;
- cyclical industry conditions;
- changes in expenses and required contributions associated with our pension plans;
- environmental liabilities or expenditures;
- 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.

SECOND QUARTER FINANCIAL HIGHLIGHTS

$432 MILLION NET SALES, DOWN 1% VS. Q1'18

$18 MILLION GAAP OPERATING INCOME

$43 MILLION ADJUSTED EBITDA[1], AT HIGH END OF OUTLOOK RANGE OF $35 TO $45 MILLION

DILUTED GAAP EPS OF $0.42 AND ADJUSTED DILUTED EPS OF $0.43[1]

AN INCREMENTAL $4 MILLION CONTRIBUTION TO COST SAVINGS FROM THE CONTINUOUS PULP DIGESTER IN Q2' 18 COMPARED TO Q1' 18

RECORD PAPERBOARD PRODUCTION AND SHIPMENTS

[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)	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18
Net sales	$437,525	$429,663	$426,504	$436,716	$436,952	$432,099
Gross Profit	$50,465	$48,602	$39,742	$61,258	$44,519	$44,945
Selling, general and administrative expenses	($29,955)	($29,454)	($34,582)	($34,891)	($32,980)	($26,564)
Operating income (loss)[1]	$20,510	$19,148	$5,160	$26,367	$11,539	$18,381
Consumer Products[1]	$6,204	$10,698	$4,525	$7,546	$1,629	($3,604)
Pulp and Paperboard[1]	$27,200	$21,071	$14,735	$34,354	$26,154	$34,192
Corporate[1]	($12,894)	($12,621)	($14,100)	($15,533)	($16,244)	($12,207)
Operating margin	4.7%	4.5%	1.2%	6.0%	2.6%	4.3%
Interest expense, net	($8,043)	($7,673)	($7,683)	($7,975)	($8,020)	($7,723)
Non-operating pension and other postretirement benefit costs[1]	$48	$517	$291	$287	($1,279)	($1,187)
Income tax (provision) benefit[2]	($5,000)	($3,955)	$3,095	$62,245	$360	($2,510)
Net earnings	$7,515	$8,037	$863	$80,924	$2,600	$6,961
Net earnings per diluted common share	$0.45	$0.48	$0.05	$4.88	$0.16	$0.42

[1] In the first quarter of 2018, we adopted a new accounting standard that resulted in a change in the presentation of pension and postretirement benefit costs other than service costs on a line outside of operating income. The corresponding prior period amounts have been reclassified to conform with the current period presentation.
[2] The Income tax benefit in Q4'17 is primarily due to the remeasurement of deferred tax liabilities as a result of the Tax Cuts and Jobs Act (the "Act") signed into law on December 22, 2017. The resulting net tax benefit is included in the three months ended December 31, 2017. The Act is complex and significantly changes the U.S. corporate income tax system by, among other things, reducing the Federal corporate income tax rate from 35% to 21%.

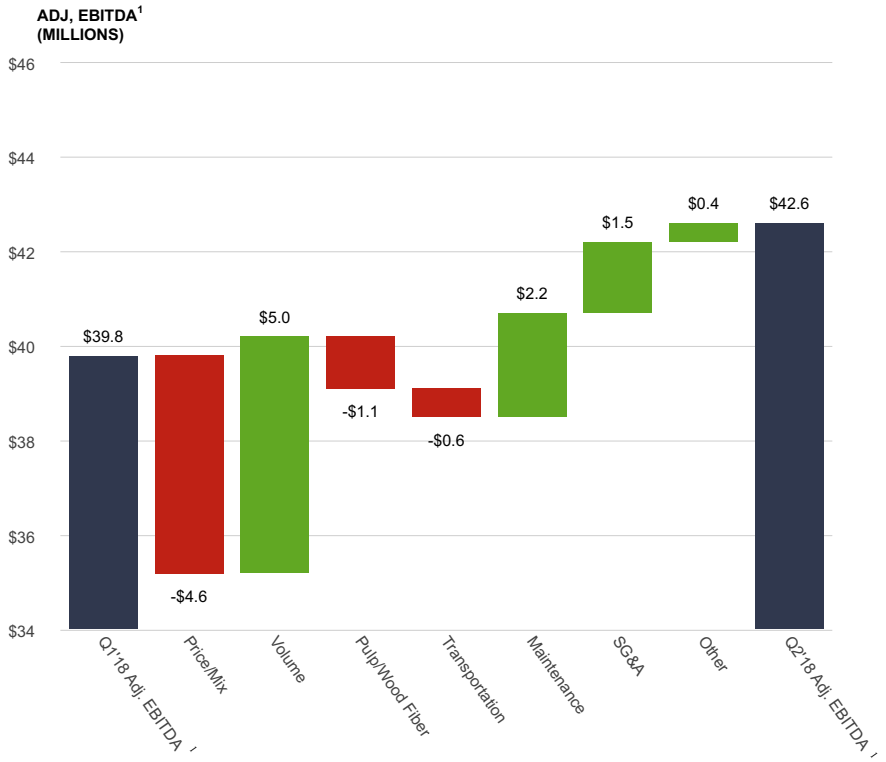
FINANCIAL SUMMARY (ADJUSTED BASIS)
(UNAUDITED)

(Dollars in thousands - except per-share amounts)	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18 Outlook[7]
Net sales	$437,525	$429,663	$426,504	$436,716	$436,952	$432,099	0% - 1% Higher
Adjusted gross profit[1]	$56,668	$49,820	$41,048	$61,675	$44,712	$45,768	
Adjusted gross profit margin[1,2]	13.0%	11.7%	9.7%	14.2%	10.2%	10.6%	
Adjusted selling, general and administrative expenses[1]	($31,290)	($30,832)	($29,158)	($29,941)	($28,778)	($27,171)	
Adjusted operating income (loss)[1,3]	$25,378	$18,988	$11,890	$31,734	$15,934	$18,597	
Consumer Products[3]	$12,407	$11,916	$10,312	$11,513	$3,072	($2,596)	
Pulp and Paperboard[3]	$27,200	$21,071	$14,735	$34,486	$26,445	$34,284	
Corporate[3]	($14,229)	($13,999)	($13,157)	($14,265)	($13,583)	($13,091)	
Adjusted operating margin[1,4]	5.8%	4.4%	2.8%	7.3%	3.6%	4.3%	3% - 5%
Interest expense, net	($8,043)	($7,673)	($7,683)	($7,975)	($8,020)	($7,723)	
Non-operating pension and other postretirement benefit costs[3]	$48	$517	$291	$287	($1,279)	($1,187)	
Adjusted income tax (provision) benefit[1,5]	($6,655)	($3,902)	$807	($9,597)	($1,415)	($2,566)	
Adjusted net earnings[1]	$10,728	$7,930	$5,305	$14,449	$5,220	$7,121	
Depreciation and amortization expense	$27,557	$26,055	$25,856	$25,522	$25,167	$25,177	
Adjusted EBITDA[1]	$49,320	$45,023	$37,621	$57,543	$39,822	$42,587	$40,000 - $46,000
Consumer Products[3]	$26,986	$27,671	$25,969	$25,913	$17,369	$11,624	
Pulp and Paperboard[3]	$35,305	$29,427	$23,063	$44,171	$35,874	$43,645	
Corporate[3]	($12,971)	($12,075)	($11,411)	($12,541)	($13,421)	($12,682)	
Adjusted EBITDA margin[1,6]	11.3%	10.5%	8.8%	13.2%	9.1%	9.9%	
Adjusted net earnings per diluted common share[1]	$0.64	$0.48	$0.32	$0.87	$0.31	$0.43	
Debt Leverage Ratio[1,8]	3.37	3.71	3.69	3.86	4.15	3.95	
Cash flow from operations	$45,538	$58,061	$48,577	$25,494	$30,853	$80,023	
Capital Expenditures	$41,804	$47,750	$49,269	$59,862	$49,747	$117,712	

[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] In the first quarter of 2018, we adopted a new accounting standard that resulted in a change in the presentation of pension and postretirement benefit costs other than service costs on a line outside of operating income. The corresponding prior period amounts have been reclassified to conform with the current period presentation.
[4] Adjusted operating margin is defined as Adjusted operating income divided by Net sales.
[5] The Income tax benefit in Q4'17 is primarily due to the remeasurement of deferred tax liabilities as a result of the Tax Cuts and Jobs Act (the "Act") signed into law on December 22, 2017. The resulting net tax benefit is included in the three months ended December 31, 2017. The Act is complex and significantly changes the U.S. corporate income tax system by, among other things, reducing the Federal corporate income tax rate from 35% to 21%.
[6] Adjusted EBITDA margin is defined as Adjusted EBITDA divided by Net sales.
[7] 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 2.
[8] Debt leverage ratio is calculated as the net debt to rolling four quarter total adjusted EBITDA plus franchise taxes.

Q2'18 VS. Q1'18 CONSOLIDATED ADJUSTED EBITDA[1] BRIDGE

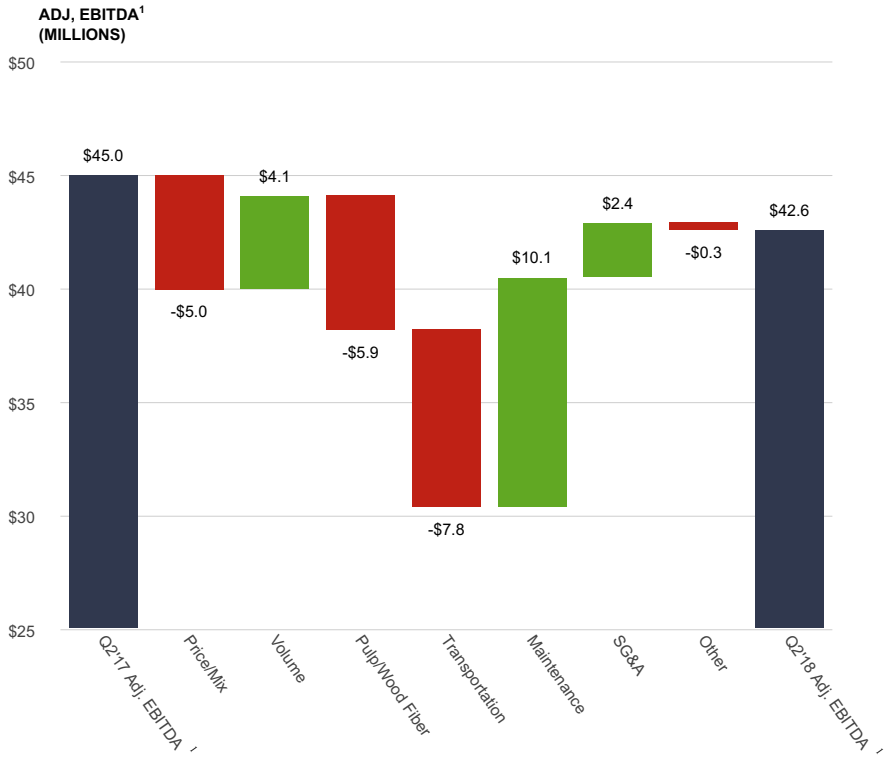
PRICE/MIX	Unfavorable mix shift from converted cases to parent rolls, offset by higher paperboard pricing
VOLUME	Record paperboard shipments, partially offset by lower tissue converted case shipments as we work to recover converted case business
PULP/WOOD FIBER	Higher pulp and wood fiber prices, partially offset by pulp cost mitigation efforts
TRANSPORTATION	Higher freight costs due to higher line haul rates, partially offset by network optimization initiatives
SG&A	SG&A cost reduction initiative



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

Q2'18 VS. Q2'17 CONSOLIDATED ADJUSTED EBITDA[1] BRIDGE

PRICE/MIX	Lower pricing and product mix in tissue, partially offset by paperboard price increases
VOLUME	Record paperboard shipments, partially offset by lower tissue converted case shipments
PULP/WOOD FIBER	Higher pulp and wood fiber prices due to continued strong demand for market pulp and corrugate
TRANSPORTATION	Higher freight costs due to line haul rates and diesel prices coupled with higher service costs in tissue
MAINTENANCE	Absence of planned major outage
SG&A	SG&A cost reduction initiative



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

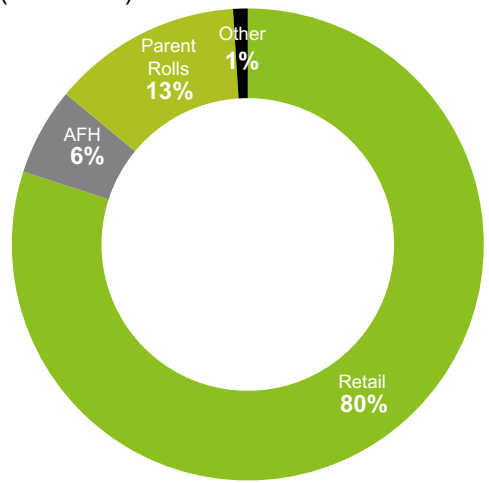
KEY SEGMENT RESULTS - CONSUMER PRODUCTS (UNAUDITED)

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	CONSUMER PRODUCTS CROSS-CYCLE FINANCIAL MODEL
Shipments							
Retail (short tons)	78,686	77,714	77,544	75,123	80,971	73,070	
Non-Retail (short tons)[1]	16,678	13,736	12,958	12,190	11,236	17,316	
Total Tissue Tons	95,364	91,450	90,502	87,313	92,207	90,386	
Converted Products (cases in thousands)[2]	13,123	12,709	12,727	12,662	13,262	12,027	
Sales Price							
Retail ($/short ton)	$2,772	$2,723	$2,754	$2,855	$2,715	$2,707	
Non-Retail ($/short ton)[1]	$1,439	$1,454	$1,468	$1,480	$1,509	$1,372	
Total Tissue ($/short ton)	$2,539	$2,533	$2,574	$2,663	$2,568	$2,451	
Segment net sales ($ in thousands)	$242,423	$231,912	$232,916	$234,656	$238,842	$221,585	
Segment GAAP operating income[3] ($ in thousands)	$6,204	$10,698	$4,525	$7,546	$1,629	($3,604)	
Segment GAAP operating margin	2.6%	4.6%	1.9%	3.2%	0.7%	(1.6)%	
Segment Adjusted EBITDA[3,4] ($ in thousands)	$26,986	$27,671	$25,969	$25,913	$17,369	$11,624	
Segment Adjusted EBITDA margin[5]	11.1%	11.9%	11.1%	11.0%	7.3%	5.2%	17.0%

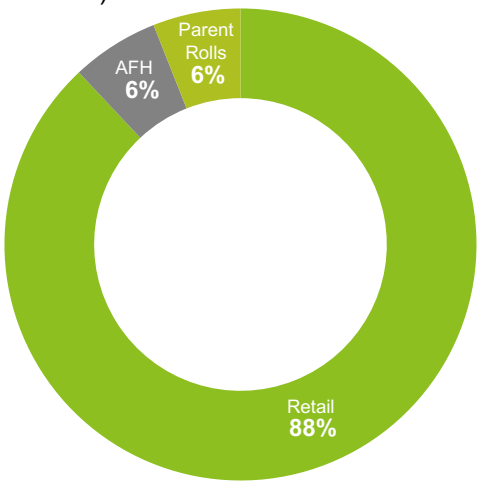
[1] Includes away-from-home (AFH), contract and parent roll tissue products.
[2] Includes retail, AFH, and contract tissue case products.
[3] In the first quarter of 2018, we adopted a new accounting standard that resulted in a change in the presentation of pension and postretirement benefit costs other than service costs on a line outside of operating income. The corresponding prior period amounts have been reclassified to conform with the current period presentation.
[4] Non-GAAP measure – See Appendix for the definition and reconciliation to the most comparable GAAP measure.
[5] 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 Q2'18 by Market Segment
(% of Tons)



CLW Q1'18 by Market Segment
(% of Tons)



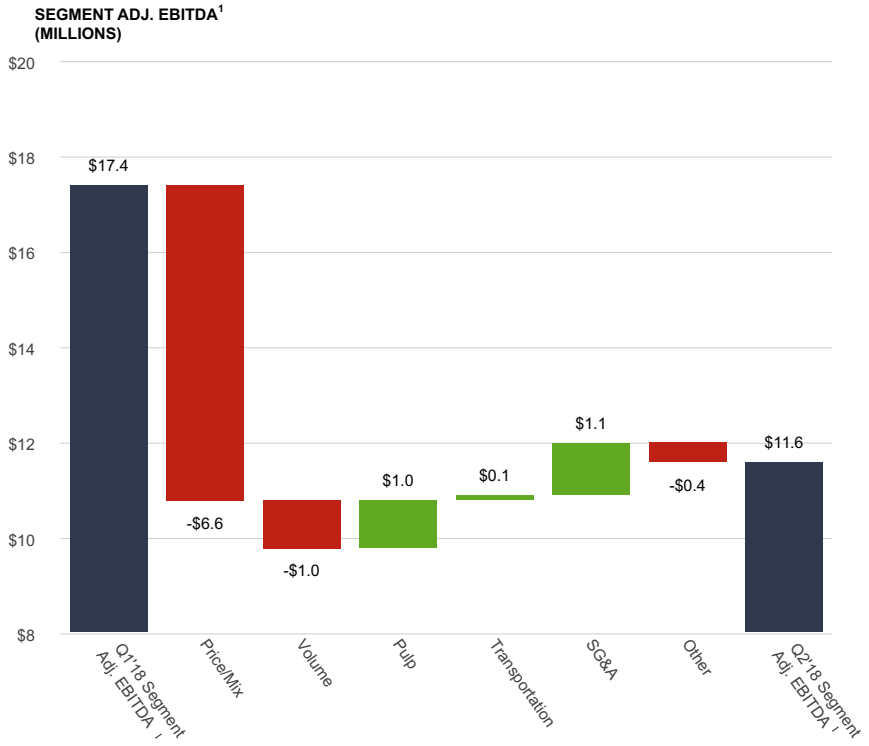
U.S. Retail Tissue Market Q2'18 ($)
(MultiOutlet)[1]

CATEGORY	PRIVATE LABEL	BRANDS	TOTAL
Total Retail Tissue Share ($)	30%	70 %	100%
% Change Q2'18 vs. Q1'18	1.4%	(1.4)%	—%

[1] Data Source: IRI Worldwide data through July 1, 2018.

Q2'18 VS. Q1'18 CONSUMER PRODUCTS ADJUSTED EBITDA[1] BRIDGE

PRICE/MIX	Weaker mix of converted case versus parent roll shipments as we work to recover converted case business
VOLUME	Lower converted case shipments
PULP	Price increases offset by pulp cost mitigation efforts
TRANSPORTATION	Network optimization initiatives, largely offset by higher freight costs due to line haul rates and diesel prices
SG&A	SG&A cost reduction initiative



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

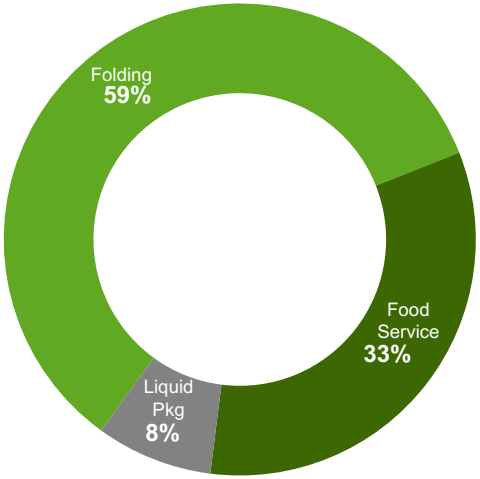
KEY SEGMENT RESULTS – PULP AND PAPERBOARD
(UNAUDITED)

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	PULP AND PAPERBOARD CROSS-CYCLE FINANCIAL MODEL
Shipments							
Paperboard (short tons)	210,382	207,152	200,569	210,098	206,309	216,582	
Sales Price							
Paperboard ($/short ton)	$927	$955	$965	$962	$960	$972	
Segment net sales ($ in thousands)	$195,102	$197,751	$193,588	$202,060	$198,110	$210,514	
Segment GAAP operating income[1] ($ in thousands)	$27,200	$21,071	$14,735	$34,354	$26,154	$34,192	
Segment GAAP operating margin	13.9%	10.7%	7.6%	17.0%	13.2%	16.2%	
Segment Adjusted EBITDA[1,2] ($ in thousands)	$35,305	$29,427	$23,063	$44,171	$35,874	$43,645	
Segment Adjusted EBITDA margin[3]	18.1%	14.9%	11.9%	21.9%	18.1%	20.7%	19.0%

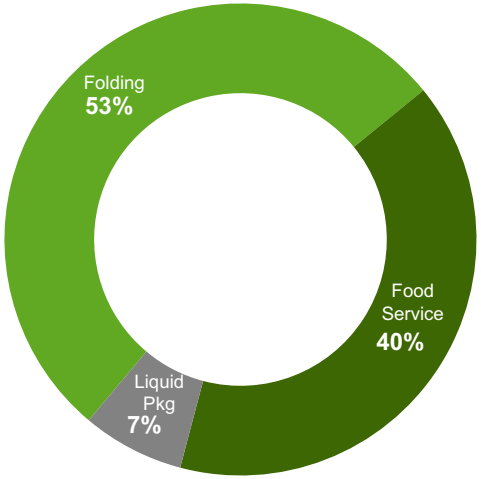
[1] In the first quarter of 2018, we adopted a new accounting standard that resulted in a change in the presentation of pension and postretirement benefit costs other than service costs on a line outside of operating income. The corresponding prior period amounts have been reclassified to conform with the current period presentation.
[2] Non-GAAP measure – See Appendix for the definition and reconciliation to the most comparable GAAP measure.
[3] Non-GAAP measure – 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 Q2'18 by Market Segment
(% of Tons)



CLW Q1'18 by Market Segment
(% of Tons)



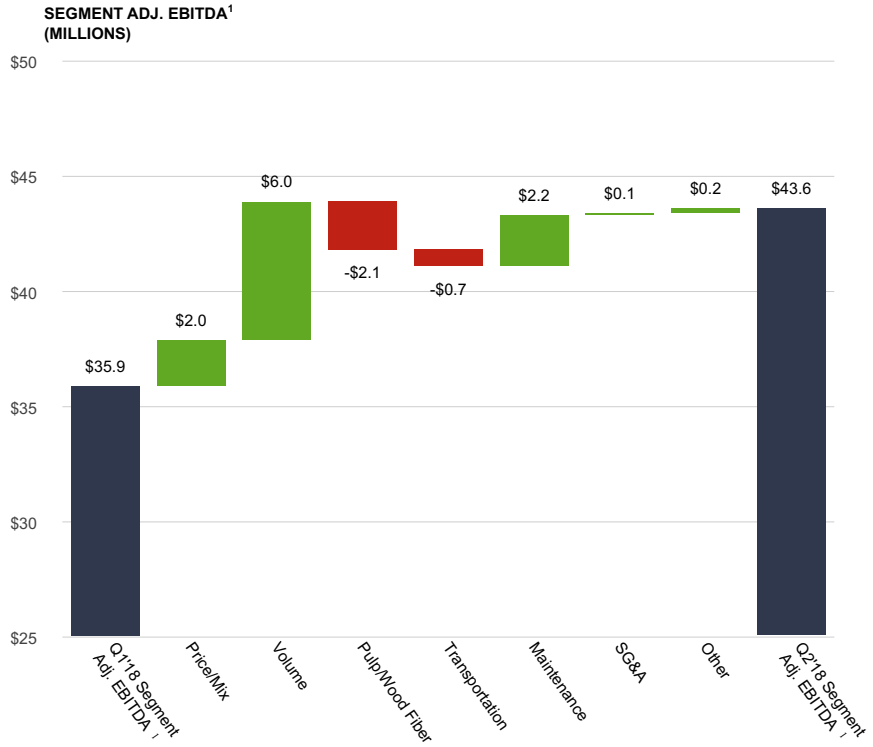
U.S. Paperboard Production Q2'18[3]

CATEGORY	CLEARWATER PAPER	OTHER
Total Domestic SBS[1] Market Share	14%	86%
Folding	19%	81%
Food Service[2]	23%	77%
Liquid Packaging	3%	97%

[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 – June YTD 2018.

Q2'18 vs. Q1'18 PULP AND PAPERBOARD ADJUSTED EBITDA[1] BRIDGE

PRICE/MIX	Realization of announced price increase
VOLUME	Record paperboard shipments due to record production and strong demand
PULP/WOOD FIBER	Higher fiber costs at our Idaho facility due to strong demand for market pulp and corrugate
TRANSPORTATION	Higher freight costs due to line haul rates and diesel prices



[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)	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	CLEARWATER PAPER CROSS-CYCLE FINANCIAL MODEL
Net sales	100%	100%	100%	100%	100%	100%	100%
Adjusted gross profit margin[1]	13.0%	11.7%	9.7%	14.2%	10.2%	10.6%	17.0%
Adjusted SG&A expenses[1] as % of net sales	(7.2%)	(7.2%)	(6.8%)	(6.9%)	(6.6%)	(6.3%)	(6.0%)
Adjusted operating margin[1]	5.8%	4.5%	2.9%	7.3%	3.6%	4.3%	11.0%
Adjusted net earnings[1] as % of net sales	2.5%	1.8%	1.2%	2.5%	1.2%	1.6%	5.0%
Adjusted EBITDA margin[1]	11.3%	10.5%	8.8%	13.2%	9.1%	9.9%	15.0%

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

Q3'18 OUTLOOK[1] RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)

(Dollars in thousands)	OUTLOOK THREE MONTHS ENDING SEPTEMBER 30, 2018 RANGE OF ESTIMATE FROM	TO
Earnings before interest, income taxes, and depreciation & amortization (EBITDA)[2]:		
GAAP net earnings	$5,100	$7,900
Interest expense, net	6,500	7,600
Income tax provision	1,800	2,800
Depreciation and amortization expense	24,700	25,800
EBITDA[2]	$38,100	$44,100
Directors' equity-based compensation expense	300	300
Reorganization expenses associated with SG&A cost control measures	1,200	1,200
Consumer Products reorganization related expenses	200	200
Other	200	200
Adjusted EBITDA[3]	$40,000	$46,000

[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 2.
[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, 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.

Q3'18 OUTLOOK[1] RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)

	OUTLOOK THREE MONTHS ENDING SEPTEMBER 30, 2018 RANGE OF ESTIMATE	
(Dollars in thousands)	FROM	TO
GAAP Operating Income	$9,000	$25,500
Directors' equity-based compensation expense	300	300
Reorganization expenses associated with SG&A cost control measures	1,200	1,200
Consumer Products reorganization related expenses	200	200
Other	200	200
Adjusted operating income[2]	$10,900	$27,400

(Dollars in thousands)	FROM	TO
GAAP net earnings	$5,100	$7,900
Adjustments, after tax[3]:		
Directors' equity-based compensation expense	225	225
Reorganization expenses associated with SG&A cost control measures	900	900
Consumer Products reorganization related expenses	150	150
Other	150	150
Adjusted net earnings[2]	$6,525	$9,325

	FROM	TO
GAAP net earnings per diluted common share[4]	$0.31	$0.48
Adjusted net earnings per diluted common share[2,4]	$0.39	$0.56

[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 2.
[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 affected at a 26% annual rate.
[4] GAAP net earnings per diluted common share and Adjusted net earnings per diluted common share are calculated utilizing second quarter 2018 diluted average common shares outstanding of 16,555 (in thousands).

Q3'18 OUTLOOK[1]



NET SALES	0% - 1% Higher
ADJUSTED OPERATING MARGIN[2,3]	3% - 5%
ADJUSTED EBITDA[2]	$40M - $46M
ADJUSTED NET EARNINGS PER DILUTED COMMON SHARE[2,4]	$0.39 - $0.56

[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 2.
[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 second quarter 2018 diluted average common shares outstanding of 16,555 (in thousands).

APPENDIX

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

(Dollars in thousands)	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18
Gross profit[1,2]	$50,465	$48,602	$39,742	$61,258	$44,519	$44,945
Costs associated with Long Island facility closure	466	661	610	298	—	—
Costs associated with Oklahoma City facility closure	5,737	275	576	119	—	—
Write-off of assets as a result of Warehouse Automation project	—	41	—	—	—	—
Accelerated depreciation of assets as a result of Warehouse Automation project	—	241	120	—	—	—
Reorganization expenses associated with SG&A cost control measures	—	—	—	—	193	31
Consumer Products reorganization related expenses	—	—	—	—	—	792
Adjusted gross profit[3]	$56,668	$49,820	$41,048	$61,675	$44,712	$45,768
Selling, general and administrative expenses (SG&A)[2]	($29,955)	($29,454)	($34,582)	($34,891)	($32,980)	($26,564)
Directors' equity-based compensation (benefit) expense	(1,450)	(1,483)	463	(363)	(709)	(1,990)
Costs associated with Oklahoma City facility closure	—	—	4,481	3,530	—	—
Manchester Industries acquisition related expenses	115	105	—	—	—	—
Reorganization expenses associated with SG&A cost control measures	—	—	480	1,783	4,911	1,045
Other	—	—	—	—	—	338
Adjusted selling, general and administrative expenses[2]	($31,290)	($30,832)	($29,158)	($29,941)	($28,778)	($27,171)

[1] Gross profit is defined as net sales minus cost of sales.
[2] In the first quarter of 2018, we adopted a new accounting standard that resulted in a change in the presentation of pension and postretirement benefit costs other than service costs on a line outside of operating income. The corresponding prior period amounts have been reclassified to conform with the current period presentation.
[3] 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)	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18
Consumer Products						
Operating income[1]	$6,204	$10,698	$4,525	$7,546	$1,629	($3,604)
Costs associated with Long Island facility closure	466	661	610	298	—	—
Costs associated with Oklahoma City facility closure	5,737	275	5,057	3,649	—	—
Write-off of assets as a result of Warehouse Automation project	—	41	—	—	—	—
Accelerated depreciation of assets as a result of Warehouse Automation project	—	241	120	—	—	—
Reorganization expenses associated with SG&A cost control measures	—	—	—	20	1,443	216
Consumer Products reorganization related expenses	—	—	—	—	—	792
Adjusted Consumer Products operating income[2]	$12,407	$11,916	$10,312	$11,513	$3,072	($2,596)
Pulp and Paperboard						
Operating Income[1]	$27,200	$21,071	$14,735	$34,354	$26,154	$34,192
Reorganization expenses associated with SG&A cost control measures	—	—	—	132	291	92
Adjusted Pulp and Paperboard operating income[2]	$27,200	$21,071	$14,735	$34,486	$26,445	$34,284
Corporate						
Operating loss[1]	($12,894)	($12,621)	($14,100)	($15,533)	($16,244)	($12,207)
Directors' equity-based compensation (benefit) expense	(1,450)	(1,483)	463	(363)	(709)	(1,990)
Manchester Industries acquisition related expenses	115	105	—	—	—	—
Reorganization expenses associated with SG&A cost control measures	—	—	480	1,631	3,370	768
Other	—	—	—	—	—	338
Adjusted Corporate operating loss[2]	($14,229)	($13,999)	($13,157)	($14,265)	($13,583)	($13,091)

[1] In the first quarter of 2018, we adopted a new accounting standard that resulted in a change in the presentation of pension and postretirement benefit costs other than service costs on a line outside of operating income. The corresponding prior period amounts have been reclassified to conform with the current period presentation.
[2] 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)	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18
GAAP net earnings	$7,515	$8,037	$863	$80,924	$2,600	$6,961
Adjustments, after tax[1]:						
Directors' equity-based compensation (benefit) expense	(957)	(988)	306	(242)	(532)	(1,472)
Costs associated with Long Island facility closure	308	440	402	199	—	—
Costs associated with Oklahoma City facility closure	3,786	183	3,338	2,434	—	—
Manchester Industries acquisition related expenses	76	70	—	—	—	—
Write-off of assets as a result of Warehouse Automation project	—	27	—	—	—	—
Accelerated depreciation of assets as a result of Warehouse Automation project	—	161	79	—	—	—
Reorganization expenses associated with SG&A cost control measures	—	—	317	1,189	3,828	796
Federal tax rate change[3]	—	—	—	(70,055)	—	—
Impact of state tax rate changes	—	—	—	—	(676)	—
Consumer Products reorganization related expenses	—	—	—	—	—	586
Other	—	—	—	—	—	250
Adjusted net earnings[2]	$10,728	$7,930	$5,305	$14,449	$5,220	$7,121
Net earnings per diluted common share	$0.45	$0.48	$0.05	$4.88	$0.16	$0.42
Adjustments, after tax[1]:						
Directors' equity-based compensation (benefit) expense	(0.06)	(0.06)	0.02	(0.01)	(0.03)	(0.09)
Costs associated with Long Island facility closure	0.02	0.03	0.02	0.01	—	—
Costs associated with Oklahoma City facility closure	0.23	0.01	0.20	0.15	—	—
Manchester Industries acquisition related expenses	—	0.01	—	—	—	—
Write-off of assets as a result of Warehouse Automation project	—	—	—	—	—	—
Accelerated depreciation of assets as a result of Warehouse Automation project	—	0.01	0.01	—	—	—
Reorganization expenses associated with SG&A cost control measures	—	—	0.02	0.07	0.22	0.04
Federal tax rate change[3]	—	—	—	(4.23)	—	—
Impact of state tax rate changes	—	—	—	—	(0.04)	—
Consumer Products reorganization related expenses	—	—	—	—	—	0.04
Other	—	—	—	—	—	0.02
Adjusted net earnings per diluted common share[2]	$0.64	$0.48	$0.32	$0.87	$0.31	$0.43

[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.
[3] The federal tax rate change in Q4'17 is primarily due to the remeasurement of deferred tax liabilities as a result of the Tax Cuts and Jobs Act (the "Act") signed into law on December 22, 2017. The resulting net tax benefit is included in the three months ended December 31, 2017. The Act is complex and significantly changes the U.S. corporate income tax system by, among other things, reducing the Federal corporate income tax rate from 35% to 21%.

ADJUSTED INCOME TAX PROVISION RECONCILIATION OF NON-GAAP FINANCIAL MEASURE (UNAUDITED)

(Dollars in thousands)	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18
GAAP income tax (provision) benefit	($5,000)	($3,955)	$3,095	$62,245	$360	($2,510)
Adjustments, tax impact:						
Directors' equity-based compensation benefit (expense)	493	495	(157)	121	177	518
Costs associated with Long Island facility closure	(158)	(221)	(208)	(99)	—	—
Costs associated with Oklahoma City facility closure	(1,951)	(92)	(1,719)	(1,215)	—	—
Manchester Industries acquisition related expenses	(39)	(35)	—	—	—	—
Write-off of assets as a result of Warehouse Automation project	—	(14)	—	—	—	—
Accelerated depreciation of assets as a result of Warehouse Automation project	—	(80)	(41)	—	—	—
Reorganization expenses associated with SG&A cost control measures	—	—	(163)	(594)	(1,276)	(280)
Federal tax rate change[2]	—	—	—	(70,055)	—	—
Impact of state tax rate changes	—	—	—	—	(676)	—
Consumer Products reorganization related expenses	—	—	—	—	—	(206)
Other	—	—	—	—	—	(88)
Adjusted income tax (provision) benefit[1]	($6,655)	($3,902)	$807	($9,597)	($1,415)	($2,566)

[1] Adjusted income tax provision excludes the impact of the items listed that we do not believe are indicative of our core operating performance.
[2] The federal tax rate change in Q4'17 is primarily due to the remeasurement of deferred tax liabilities as a result of the Tax Cuts and Jobs Act (the "Act") signed into law on December 22, 2017. The resulting net tax benefit is included in the three months ended December 31, 2017. The Act is complex and significantly changes the U.S. corporate income tax system by, among other things, reducing the Federal corporate income tax rate from 35% to 21%.

EBITDA & ADJUSTED EBITDA RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)

(Dollars in thousands)	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18
Earnings before interest, income taxes, and depreciation & amortization (EBITDA)[1]						
GAAP net earnings	$7,515	$8,037	$863	$80,924	$2,600	$6,961
Interest expense, net	8,043	7,673	7,683	7,975	8,020	7,723
Income tax provision (benefit)	5,000	3,955	(3,095)	(62,245)	(360)	2,510
Depreciation and amortization expense	27,557	26,055	25,856	25,522	25,167	25,177
EBITDA[1]	$48,115	$45,720	$31,307	$52,176	$35,427	$42,371
Directors' equity-based compensation (benefit) expense	(1,450)	(1,483)	463	(363)	(709)	(1,990)
Costs associated with Long Island facility closure	466	365	314	298	—	—
Costs associated with Oklahoma City facility closure	2,074	275	5,057	3,649	—	—
Manchester Industries acquisition related expenses	115	105	—	—	—	—
Write-off of assets as a result of Warehouse Automation project	—	41	—	—	—	—
Reorganization expenses associated with SG&A cost control measures	—	—	480	1,783	5,104	1,076
Consumer Products reorganization related expenses	—	—	—	—	—	792
Other	—	—	—	—	—	338
Adjusted EBITDA[2]	$49,320	$45,023	$37,621	$57,543	$39,822	$42,587

[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, 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.

SEGMENT EBITDA & ADJUSTED EBITDA RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)

(Dollars in thousands)	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18
Consumer Products						
Operating income[1]	$6,204	$10,698	$4,525	$7,546	$1,629	($3,604)
Depreciation and amortization expense	18,242	16,292	16,073	14,400	14,297	14,220
Segment EBITDA[2]	$24,446	$26,990	$20,598	$21,946	$15,926	$10,616
Costs associated with Long Island facility closure	466	365	314	298	—	—
Costs associated with Oklahoma City facility closure	2,074	275	5,057	3,649	—	—
Write-off of assets as a result of Warehouse Automation project	—	41	—	—	—	—
Reorganization expenses associated with SG&A cost control measures	—	—	—	20	1,443	216
Consumer Products reorganization related expenses	—	—	—	—	—	792
Segment Adjusted EBITDA[3]	$26,986	$27,671	$25,969	$25,913	$17,369	$11,624
Pulp and Paperboard						
Operating income[1]	$27,200	$21,071	$14,735	$34,354	$26,154	$34,192
Depreciation and amortization expense	8,105	8,356	8,328	9,685	9,429	9,361
Segment EBITDA[2]	$35,305	$29,427	$23,063	$44,039	$35,583	$43,553
Reorganization expenses associated with SG&A cost control measures	—	—	—	132	291	92
Segment Adjusted EBITDA[3]	$35,305	$29,427	$23,063	$44,171	$35,874	$43,645
Corporate						
Operating loss[1]	($12,894)	($12,621)	($14,100)	($15,533)	($16,244)	($12,207)
Depreciation and amortization expense	1,210	1,407	1,455	1,437	1,441	1,596
Non-operating pension and other postretirement benefit costs[1]	48	517	291	287	(1,279)	(1,187)
Corporate EBITDA[2]	($11,636)	($10,697)	($12,354)	($13,809)	($16,082)	($11,798)
Directors' equity-based compensation (benefit) expense	(1,450)	(1,483)	463	(363)	(709)	(1,990)
Manchester Industries acquisition related expenses	115	105	—	—	—	—
Reorganization expenses associated with SG&A cost control measures	—	—	480	1,631	3,370	768
Other	—	—	—	—	—	338
Corporate Adjusted EBITDA[3]	($12,971)	($12,075)	($11,411)	($12,541)	($13,421)	($12,682)

[1] In the first quarter of 2018, we adopted a new accounting standard that resulted in a change in the presentation of pension and postretirement benefit costs other than service costs on a line outside of operating income. The corresponding prior period amounts have been reclassified to conform with the current period presentation.

[2] 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 and non-operating pension and other postretirement benefit costs. It should not be considered as an alternative to segment operating income (loss) computed under GAAP.

[3] Segment 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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