



# Clearwater Paper Corporation

First Quarter 2012 Results Conference Call  
Supplemental Information

Gordon Jones  
Johnathan Hunter

Chairman and Chief Executive Officer  
VP, Corporate Controller and Interim Chief Financial Officer

(Dollars in thousands - except per-share amounts)	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Twelve Months Ended December 31,	
						2010 <sup>4</sup>	2011
<b>Net sales</b>	\$ 465,830	\$ 494,627	\$ 501,125	\$ 466,391	\$ 457,798	\$ 1,372,965	\$ 1,927,973
<b>Operating income (loss)</b>							
Consumer Products	\$ 13,815	\$ 6,868	\$ 7,075	\$ 15,048	\$ 26,271	\$ 80,791	\$ 42,806
Pulp and Paperboard <sup>1</sup>	15,648	34,456	26,266	16,457	11,658	64,869	92,827
Corporate and eliminations <sup>1</sup>	(5,917)	(7,531)	(7,958)	1,218	(12,281)	(46,893)	(20,188)
<b>Income from operations</b>	\$ 23,546	\$ 33,793	\$ 25,383	\$ 32,723	\$ 25,648	\$ 98,767	\$ 115,445
Interest expense, net	(11,333)	(10,992)	(12,100)	(10,384)	(9,728)	(22,571)	(44,809)
Income tax provision	(6,133)	(8,649)	(5,928)	(10,536)	(12,194)	(2,396)	(31,246)
Other, net	(476)	(229)	1,290	(301)	-	-	284
<b>Net earnings</b>	\$ 5,604	\$ 13,923	\$ 8,645	\$ 11,502	\$ 3,726	\$ 73,800	\$ 39,674
Depreciation and amortization expense	18,669	18,870	19,569	19,825	19,548	47,728	76,933
<b>Earnings before interest, income taxes, and depreciation and amortization (EBITDA) <sup>2</sup></b>	\$ 41,739	\$ 52,434	\$ 46,242	\$ 52,247	\$ 45,196	\$ 146,495	\$ 192,662
<b>Adjusted EBITDA <sup>2</sup></b>	\$ 41,739	\$ 52,434	\$ 46,242	\$ 55,130	\$ 45,196	\$ 166,849	\$ 195,545
<b>EBITDA/Adjusted EBITDA margin</b>	9.0%	10.6%	9.2%	11.8%	9.9%	12.2%	10.1%
<b>Diluted net earnings per common share <sup>3</sup></b>	\$ 0.24	\$ 0.59	\$ 0.37	\$ 0.48	\$ 0.16	\$ 3.12	\$ 1.66
<b>Total debt to total capitalization (excluding accumulated other comprehensive loss)</b>	48.5%	47.8%	47.1%	46.6%	46.8%	48.8%	46.6%
<b>EBITDA/Adjusted EBITDA to interest expense, net</b>	3.7	4.8	3.8	5.3	4.6	7.4	4.4

<sup>1</sup> Includes the impact of the Wood Products sale in Q4 2011.

<sup>2</sup> Non-GAAP measures - See reconciliation to GAAP and definitions.

<sup>3</sup> All per common share amounts have been adjusted for the two-for-one stock split on August 26, 2011.

<sup>4</sup> 2010 amounts include four days of Cellu Tissue Holdings, Inc. activity.

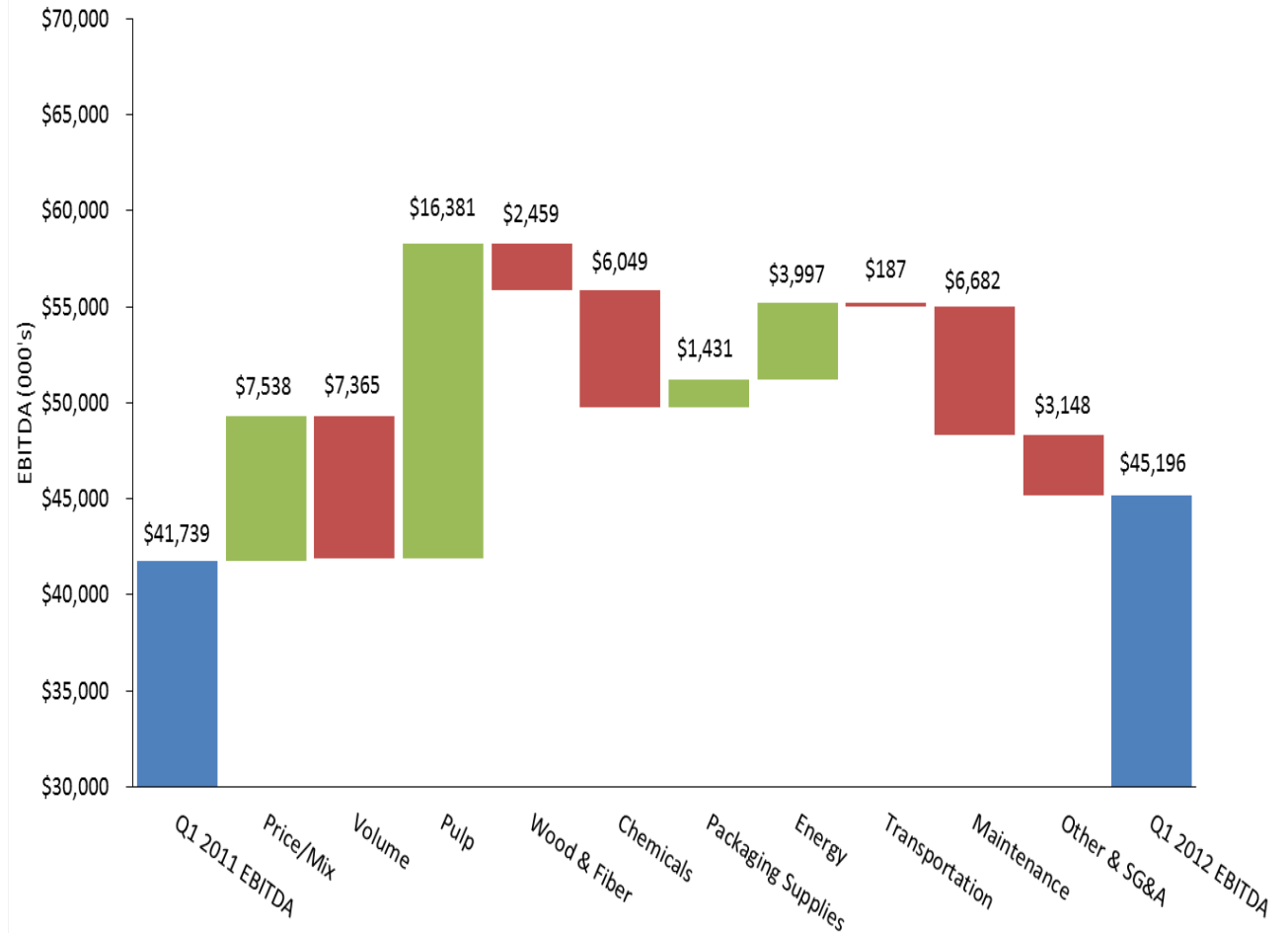
## Volumes & Sales Price/Unit (Unaudited)

	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Twelve Months Ended December 31,	
						2010	2011
<b><u>Shipments (short tons)</u></b>							
Consumer Products							
Tissue-Actual <sup>1</sup>	129,566	128,762	134,145	123,046	128,768	218,653	515,519
Tissue-Pro forma <sup>1</sup>	129,566	128,762	134,145	123,046	128,768	536,197	515,519
Pulp and Paperboard							
Paperboard	171,497	201,991	184,870	185,487	182,198	739,380	743,845
Pulp <sup>2</sup>	7,800	11,140	20,901	2,360	862	60,748	42,201
<b><u>Sales Price (\$/short ton)</u></b>							
Consumer Products							
Tissue-Actual <sup>1</sup>	\$ 2,078	\$ 2,088	\$ 2,126	\$ 2,182	\$ 2,158	\$ 2,607	\$ 2,119
Tissue-Pro forma <sup>1</sup>	2,078	2,088	2,126	2,182	2,158	2,035	2,119
Pulp and Paperboard							
Paperboard	\$ 983	\$ 980	\$ 971	\$ 970	\$ 968	\$ 915	\$ 976
Pulp <sup>2</sup>	684	718	684	694	659	691	694

<sup>1</sup> Tissue-Actual shipments and sales prices for 2010 are the actual results that include Cellu Tissue amounts only post-acquisition. The Tissue Pro forma amounts have been adjusted for 2010 to include Cellu Tissue amounts.

<sup>2</sup> Excludes shipments of pulp and transfer prices of pulp used internally.

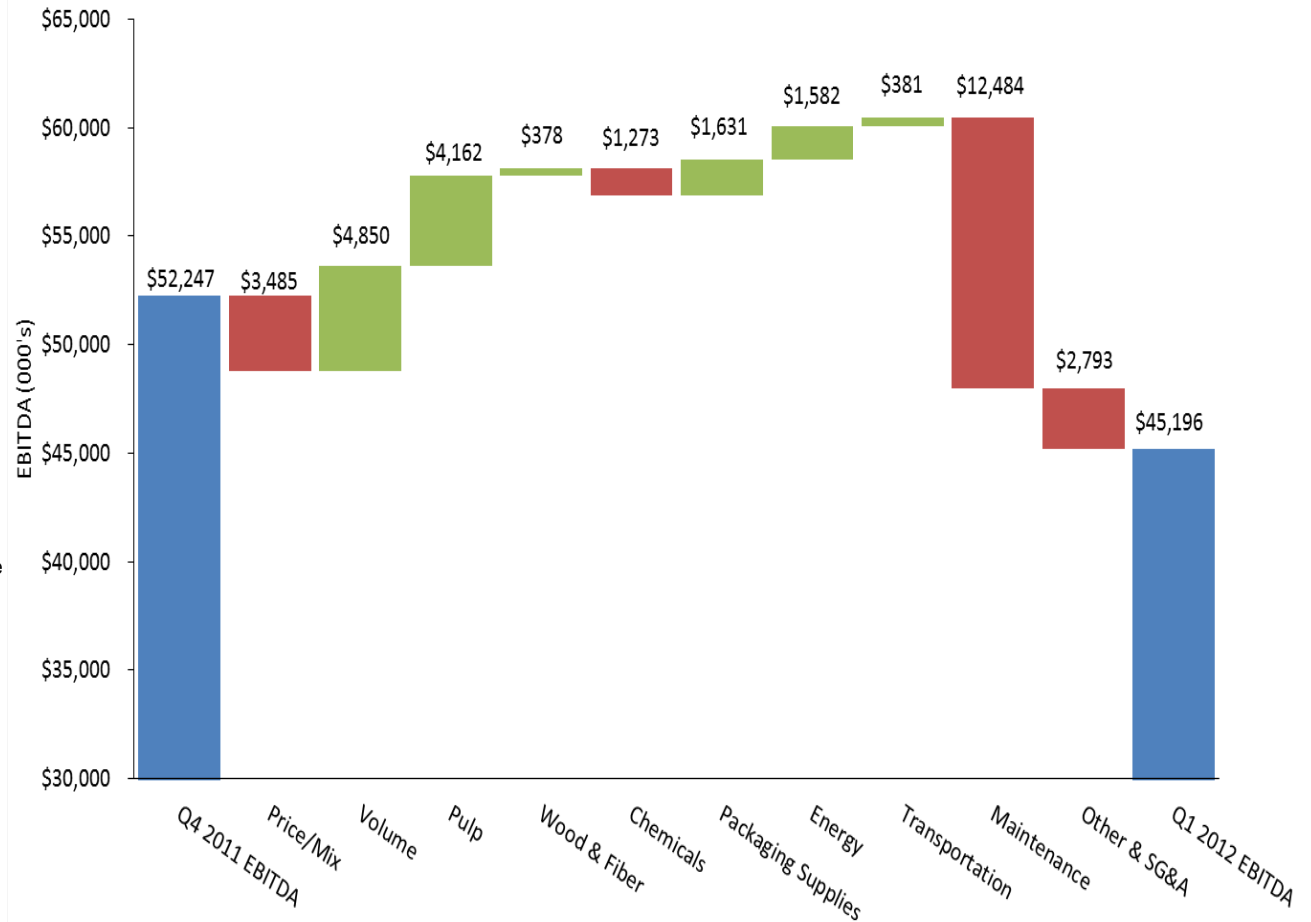
- Price:** Improved tissue pricing and retail tissue product mix partially offset by lower paperboard pricing
- Volume:** Slight decrease in tissue volumes and mix shift from lower cost products to higher cost products
- Purchased Pulp:** Lower pulp costs
- Wood and Fiber:** Increased costs in Pulp and Paperboard resulting from supply limitations due to wet weather conditions in Arkansas
- Chemicals:** Higher chemical costs mainly from higher caustic costs due to poor housing markets
- Packaging Supplies:** Improved contract pricing
- Energy:** Favorable natural gas and electricity costs
- Transportation:** Customer transportation improvements were mostly offset by higher internal transportation costs
- Maintenance:** Pulp and Paperboard scheduled major maintenance with 17 paper machine down days at a cost of \$15.5 million compared to a smaller \$11.4 million scheduled major maintenance in first quarter 2011
- Other and SG&A:** Higher corporate and divisional salary and benefit expense associated with company growth, higher burden and incentive compensation partially offset by positive net impact of Wood Products sale



**NOTE:** All amounts associated with our Wood Products operations, which were sold in November 2011, have been removed from categories and included in Other and SG&A.

<sup>1</sup> Non-GAAP measures - See reconciliation to GAAP and definitions.

- Price:** Decline in pricing due to mix in tissue and softer paperboard markets
- Volume:** Increase in tissue shipments partially offset by lower paperboard shipments
- Purchased Pulp:** Lower pulp costs
- Wood and Fiber:** Lower wood fiber costs driven by lower consumption due to Pulp and Paperboard scheduled major maintenance
- Chemicals:** Higher chemical costs mainly from higher caustic costs due to poor housing markets partially offset by lower consumption due to scheduled major maintenance
- Packaging Supplies:** Improved costs
- Energy:** Primarily lower natural gas costs
- Transportation:** Customer transportation improvements were mostly offset by higher internal transportation costs due to increased volumes
- Maintenance:** Pulp and Paperboard scheduled major maintenance with 17 paper machine down days at a cost of \$15.5 million compared to no major maintenance in the prior quarter
- Other and SG&A:** Higher corporate and divisional salary and benefit expense associated with company growth, higher burden and incentive compensation partially offset by positive net impact of Wood Products sale



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**2012 Estimated Synergies**

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2012
<b>Synergies (dollars in millions)</b>					
Estimated	\$ 3.0	\$ 4.0	\$ 5.0	\$ 8.0	\$ 20.0
Realized	5.3	-	-	-	5.3

**Expected Annual Synergy Run Rate For 2013: \$35-40 Million**

## Reconciliation of Non-GAAP Measures (Unaudited)

(Dollars in thousands)	Twelve Months Ended December 31						
	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	2010 <sup>3</sup>	2011
<b>Earnings before interest, income taxes, and depreciation &amp; amortization (EBITDA)<sup>1</sup></b>							
GAAP net earnings	\$ 5,604	\$ 13,923	\$ 8,645	\$ 11,502	\$ 3,726	\$ 73,800	\$ 39,674
Interest expense, net	11,333	10,992	12,100	10,384	9,728	22,571	44,809
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Depreciation and amortization expense	18,669	18,870	19,569	19,825	19,548	47,728	76,933
<b>EBITDA</b>	<b>\$ 41,739</b>	<b>\$ 52,434</b>	<b>\$ 46,242</b>	<b>\$ 52,247</b>	<b>\$ 45,196</b>	<b>\$ 146,495</b>	<b>\$ 192,662</b>
Lewiston, Idaho sawmill sale related adjustments	-	-	-	2,883	-	-	2,883
Cellu Tissue acquisition related expenses	-	-	-	-	-	20,354	-
<b>Adjusted EBITDA<sup>2</sup></b>	<b>\$ 41,739</b>	<b>\$ 52,434</b>	<b>\$ 46,242</b>	<b>\$ 55,130</b>	<b>\$ 45,196</b>	<b>\$ 166,849</b>	<b>\$ 195,545</b>

<sup>1</sup> **EBITDA** is a non-GAAP measure that management uses to evaluate the cash generating capacity of the company. The most directly comparable GAAP measure is net earnings. EBITDA, as we define it, 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.

<sup>2</sup> **Adjusted EBITDA** excludes the Cellu Tissue acquisition related expenses in 2010 and the impact of the sawmill sale in 2011.

<sup>3</sup> 2010 amounts include four days of Cellu Tissue activity.



For more information:  
[www.clearwaterpaper.com](http://www.clearwaterpaper.com)