MANAGEMENT DISCUSSION SECTION

Operator: Good day and welcome to the Clearwater Paper Corporation First Quarter 2010 Earnings Conference Call. As a reminder, this conference is being recorded. At this time, I would like to turn the conference over to Linda Massman, Chief Financial Officer and Gordon Jones, CEO. Please go ahead.

Linda K. Massman, Vice President and Chief Financial Officer

Thank you, good morning and welcome to Clearwater Paper's first quarter 2010 conference call. Our press release this morning includes the detail regarding our first quarter, and you will find a presentation and supplemental information posted on the Investor Relations area of our website at www.clearwaterpaper.com.

Additionally, we provide certain non-GAAP information in this morning's discussion. A reconciliation of the non-GAAP information to comparable GAAP information is included in the supplemental material provided on our website.

Before we get started, I would like to remind you that this presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 as amended. These forward-looking statements are based on current expectations, estimates, assumptions and projections that are subject to change and actual results may differ materially from the forward-looking statements.

Factors that could cause actual results to differ materially include those expressed or implied by risks and uncertainties described from time to time in our filings with the Securities and Exchange Commission, including our Form 10-K for the year ended December 31st, 2009. Any forward-looking statements are made only as of this date and we undertake no obligation to update any forward-looking statements.

I will begin today's call with financial highlights for the quarter and will be followed by Gordon, who will provide commentary on the different business segments and comment on the 2010 outlook for the business before we take questions. We are pleased with our performance for the first quarter of 2010.

Before reviewing our results, I want to call to your attention two items that are included in our results that might be confusing. First, we have a one-time charge related to the recent passage of the Health-Care Reform legislation. And secondly, we completed significant major maintenance during the quarter, which impacted our results versus last year.

We reported net earnings of $0.5 million or $0.04 of earnings per diluted share for the first quarter of 2010, compared to net earnings of $13.6 million or $1.19 of earnings per share in the first quarter of last year. Included in the first quarter results, is a one-time tax charge of $4.4 million or $0.37 per diluted share as a result of the passage of the Patient Protection and Affordable Care Act of 2010.

We also had scheduled major maintenance costs of $16.9 million in the first quarter of 2010, compared to $1.5 million in the first quarter of 2009, which is an increase of 15.4 million or the after-tax impact of $0.86 per diluted share on our first quarter results in 2010. EBITDA margin was 6.8% for the quarter 2010 versus 12.9% for the first quarter of 2009. Our consumer products segment had first quarter 2010 operating income of $24.8 million compared to $29.1 million for the first quarter of 2009.

Net sales of $137.9 million for the quarter was slightly higher than net sales for the same period last year of $136.2 million. The cost increased 5.6% primarily due to rising pulp prices and purchase paper. Our pulp and paper board segment, which now includes Wood Products at an operating loss of $6.8 million for the first quarter of 2010 compared to operating income of $2.2 million for the first quarter of 2009.

Net sales of $208 million for the quarter were up 26.4% when compared to the first quarter of 2009 net sales of 164.6 million. Operating income was reduced by scheduled major maintenance cost that were $15.4 million higher when compared with the first quarter of last year. As you might recall from our comments from prior earnings call, this was primarily the result of rescheduling a significant portion of our major maintenance downtime originally planned for 2009 into the first quarter of 2010.

In the first quarter, we did not record any income in connection with the alternative fuel mixture tax credit due to the termination of the tax credit at the end of 2009. It was also no income recorded in the first quarter of 2009 related to alternative field mixture tax credit, thereby making comparisons between first quarter 2010 and 2009 straightforward. We had approximately $62 million in taxes receivable as of March 31st, 2010 related to the alternative fuel mixture tax credit. As a reminder, we believe the alternative fuel mixture tax credits are not subject to corporate income tax.

Since this tax position has not yet been confirmed by the IRS, we have reserved for the certain tax position under the accrued tax liability line on our balance sheet. If our tax position is confirmed, the accrued tax liability would be released income. As of first quarter 2010, we have begun to accrue interest at 5% on the uncertain tax position in accordance with GAAP accounting. Our income tax provision was $5.8 million or 92.7% effective tax rate for the first quarter of 2010 compared with $8 million or 37% effective tax rate for the first quarter of 2009.

The effective tax rate increased was caused primarily by accounting for the effect of the passage of the Patient Protection and Affordable Care Act of 2010, which eliminated the tax deductibility of Medicare Part D subsidies after 2012, thereby requiring us to reduce our deferred tax assets.

Regarding our balance sheet and liquidity, we're pleased to report that we had $250.3 million of cash and short-term investments at March 31st, 2010, representing an increase of $59.5 million from year-end. This is primarily driven by strong operational performance and the receipt of $37.1 million in taxes receivable related primarily to the alternative fuel mix or tax credit.

As a result, we had a $101.9 million net cash position, which includes cash in short-term investments less outstanding debt providing us liquidity and capacity to fuel our growth objective. Our financial ratios remain very strong. Total debt, total capitalization excluding the accumulated other comprehensive loss was 23.2%, while EBITDA to net interest expense for the first quarter of 2010 was 5.2 times.

I will now turn to call over to Gordon.

Gordon L. Jones, President and Chief Executive Officer

Thanks Linda. We continue to have strong fundamental performance in both of our segments. Our Consumer Product segment continued to show revenue growth driven by a 3.8% increase in volume shift, which was partially offset by a 2.5% reduction in net selling prices. We maintain very high production levels and shift 1,941 more tons than we did in the first quarter of 2009.

Pricing has continued to remain relatively stable, but with higher promotional spending as compared to last year. We experienced excellent production in papermaking and converting, but experienced higher input costs for pulp and purchased paper.

Our Pulp and Paperboard segment performed well in the first quarter when taking into consideration the impact of the scheduled major maintenance that was performed during the quarter. First quarter net sales were 26.4% higher than the same quarter last year, which was mostly attributable to significantly higher paperboard shipments with only slightly lower average net selling prices.

Adding to these gains was a 37.1% increase in market pulp pricing, accompanied by an increase of 10,878 tons of shipments to third parties versus the first quarter of 2009. Also contributing to the Pulp and Paperboard business was a modest rebound in wood products, whose revenue increased 5.7% or 5.7 million from last year, based on shipments that were up 55.1%.

As it relates to our growth strategy, there are a couple of updates to provide you today. First, we continue to move forward with final site selection for our future converting facility in the Southeastern US. We are still negotiating tax and land incentives with local officials and are hopeful that these negotiations will be completed soon. As mentioned previously, we are planning to build two converting lines for approximately $30 million that are expected to run both conventional and TAD paper.

Second, we continue to evaluate whether to build a new TAD paper machine. In spite of our desire to finalize our decision regarding a paper machine, we are still determining site costs and incentives and also paper machine costs with vendors. These are material inputs to our analysis that will impact our decision to move forward or not, and we expect to announce the final decision before our next quarterly earnings call. As stated last quarter, we will only move forward on the paper machine if we conclude the project will significantly exceed our cost of capital and therefore create value for our shareholders.

I would now like to provide some comments on our outlook for the rest of 2010. With the one-time tax item and the majority of 2010's significant maintenance costs behind us, we expect first quarter 2010 will be the low-point for quarterly earnings this year. Keep in mind going forward that quarterly comparisons to 2009 will be affected by the benefit from the alternative tax fuel mix shift credit that we received in quarter two through quarter four of 2009.

In our consumer products business, the promotional environment remains competitive and volumes are expected to be steady. In the pulp and paperboard segment, we expect continued solid performance. In both divisions, we expect pulp costs to continue rising in the short-term. In the first quarter of 2010, we had capital expenditures to $5.3 million and still expect to spend between 40 and $45 million in total for the year. As a reminder, this 40 to 45 million number with $12 million related to the new Southeast converting lines. We still expect to have scheduled major maintenance costs of 20 to 25 million in total in 2010, 16.9 million of which we've already incurred in the first quarter of 2010.

In closing, I'm pleased with our start in 2010 and look forward to announcing more on our growth initiatives. On a final note, we will be attending the Stephens Conference in New York on May 25th and hope to see you there. Please contact us if you would like a meeting during the event. Thank you very much for your attention and interest in our company.

Operator, we will now take some questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] And we will take our first question from Steve Chercover with D.A. Davidson.

<Q – Steven Chercover>: Thanks and good morning.

<A – Gordon Jones>: Good morning, Steve.

<Q – Steven Chercover>: Just wondering – can you discuss the implosion or the collapse of the pulp tank in Lewiston. What happened there was it a contractor error, and I'm assuming that must have had a negative impact on first quarter results if you were buying spot pulp?

<A – Gordon Jones>: Well, it's a good question, Steve. We didn't really talk about it in the release because it's one of those things that is unfortunate to have happen, but we sort of consider it in the normal course of business. Our folks at the mill did an outstanding job of -- there were no injuries, no safety issues, nothing related to that. What happened was the blow tank collapsed, and this is a tank that really received the chips coming out of the digester, and when we had a collapse and we've heard of other instances where that's happened in the industry, but anyway we jumped on it right away. It added to the downtime associated with the pulp mill. The pulp mill was down for an extended period longer than we thought. So we came back up. It was an insured event and therefore the total cost of the project we thought was not material.

<Q – Steven Chercover>: Okay. So basically, it didn't impact the dollar cost that you took for the maintenance in the quarter, because you would get it back?

<A – Linda Massman>: Yes, Steve, it has not. We have insurance covering that event and our deductible on that insurance is a $1 million. So thereby, relatively immaterial.

<Q – Steven Chercover>: Okay. But you did have to buy pulp, kind of, aggressively in the outer market, did you not?

<A – Linda Massman>: That's right.

<A – Gordon Jones>: We did, exactly, in a difficult time to be buying that pulp, and of course there were the expenses, but that's right.

<Q – Steven Chercover>: Sure. But that's, I guess, not again non-material enough and call it as an impact for earnings?

<A – Gordon Jones>: Yeah, exactly right.

<Q – Steven Chercover>: Okay. And could you explain perhaps the rationale for no longer showing us the wood products business as a standalone segment, because things were getting a lot better there too, and that could be a needle move where I should think?

<A – Linda Massman>: Yeah, Steve, it's something that we've been looking at internally now for a while. We've really run that business in conjunction with our pulp and paper board operation and considering how we run that business now we look at that part of the business, as well as the materiality or lack thereof, the financial component of that business, we just decided it was easier to put it into two segments focused on the two main parts of the business. And obviously if there's anything material that comes up in that part of the business, we'll call that as part of our segment performance in pulp and paperboard.

<**Q – Steven Chercover**>**:** Sure. I mean, I guess, when you lost what $18 million or something in wood products last year, given your share count, that's coupled back a share almost, so it is material?

<**A – Linda Massman**>**:** Yes, last year was considered somewhat of an aberration from historical performance.

<**Q – Steven Chercover**>**:** Okay.

<**A – Linda Massman**>**:** If we had that part of that segment last year, we would have called that out in the segment financials.

<**Q – Steven Chercover**>**:** But things are getting a lot better I trust and is there -- can you differentiate between -- are you doing more cedar there now or more commodity softwood?

<**A – Gordon Jones**>**:** It's the same basic mix that we've been doing for an extended time, Steven, and it is getting better. We did drop a line in about wood products and the revenue differences quarter-to-quarter that just kind of get both of the insight, and hopefully we'll be able to see that. But yes, it's the same basic mix, cedar and dimensional lumber and the market have improved, and particularly on the dimensional side, so we feel good about where that's going. But, we really feel like that we want to think of that as one segment, total pulp and paperboard and wood products kind of all combined, and the fact it is all one side it seems to make a lot of sense for us.

If you look back at our supplemental, you can get a real good feel for what's happened in relative to the volumes coming out of the lumber operation, and back on our supplemental wood volume and sales and price you could see that the lumber volume is up significantly quarter one '09 to quarter one 2010. So you're right, that business seems to be doing better. I don't know that anybody is ready to call the housing slump over at this point that would certainly be heroic statement. But, the thing seems to have gotten better for us, and we feel much better about where that business is today than where it was a year ago.

<**Q – Steven Chercover**>**:** Okay. I'll get back in the queue. Thank you.

<**A – Gordon Jones**>**:** Okay. Thanks, Steve.

Operator: And our next question will come from Ian Zaffino with Oppenheimer. Mr. Zaffino, please go ahead, your line is open. I am hearing no response, we'll move on to Eric Hollowaty with Stephens Incorporated.

<**Q – Eric Hollowaty**>**:** Good morning, guys. Few questions.

<**A – Gordon Jones**>**:** Good morning, Eric.

<**Q – Eric Hollowaty**>**:** Several of your competitors both on the branded as well as private label tissue providers have reported a tough first quarter for sales and volumes. And you guys obviously seem to have outperformed the industry there. I was wondering if you had any thoughts that you could share on what you think accounted for that?

<**A – Gordon Jones**>**:** Well, it's really I think just the good blocking and tackling of our consumer products division. I mean, they have really done a very nice job and spent a lot of time and attention on customer needs and I think that that's paying off, Eric. It's -- we feel very comfortable in our business model, we've been working hard of course to control cost, but at the same time our sales folks have been working very hard to take care of those customers and fit their need. And as you know, the tissue market continues to be a good market, the longhaul kind of growth there is nice and steady. So there is -- the forecast for tissue business is good, that's one of the reasons we feel

so good about it and our sales folks are doing a great job of staying with their customers and meeting their needs. So I don't that it's any kind of magic board other than just a lot of hard work effort and attention to the business.

<Q – Eric Hollowaty>: Okay. On the paperboard side, it seems like from a macro standpoint demand is coming back pretty robustly in terms of demand for consumer packaging and you guys, if I recall correctly have about 765,000 tons of annual capacity on the paperboard side, which if you straight line it by quarter you get about 191,000 tons per quarter although looking back to the third quarter of last year you did north of that, but I'm wondering could you comment on capacity utilization and how much further do you have to push the envelop on volumes if we continue to see demand pick up on the paperboard side?

<A – Gordon Jones>: Well, I think you got our capacity correct and that's the way to look at it. We're always trying to find just a little bit of extra capacity. We have been running well. We ran quite well in the first quarter right up until the outage, and both of our divisions, both of our facilities are two large facilities and paperboard did very well. We had some challenges in the Southeast related to wood supply, but they did a great job of working through that and as far as Idaho Pulp and Paper again they were running well right up until the outage. So they're running well, creating capacity and filling the heavy demand that we are getting in the market. And our backlogs are significantly higher than they were a year ago. And that's shown right there in the tonnage, but being able to predict how much more is out there from a capacity basis, it's very hard because we're trying to find those incremental increases on those machines every single day. So -- but I think if you look at our capacity as you've mentioned and take that as sort of the normal nominal capacity, that's a good number if you're modeling.

<Q – Eric Hollowaty>: Any sense you could give us for the extent of the backlogs in weeks or other measure just for perspective?

<A – Gordon Jones>: Yes, I think it's very competitive, but still the backlogs are grown as you've heard in some of these other conference calls as we have here about people that have picked up backlogs in the anywhere's from three to six week range or four to six week range, and I would say that we're in that range.

<Q – Eric Hollowaty>: Okay, great. I have a follow up or two, but I'll get back in the queue and queue up later.

<A – Gordon Jones>: Okay. Thanks, Eric.

Operator: And once again our next question is from Ian Zaffino with Oppenheimer.

<Q – Ian Zaffino>: The question would be, what are you seeing from the pricing environment on the back tissue side. Given this large run-up in pulp rate, I would imagine the branded players need to recoup some of that. But I don't know if we've yet seen that. I mean, have you start to see that yet and if not, what's going on that they really haven't been able to do that? Thanks.

<A – Gordon Jones>: Yes, that's -- again a very interesting question, because its -- the pulp market has run-up because of the Chile situation and a number of other reasons. The market was already pretty strong prior to the earthquake in Chile and of course and that made pulp even tighter. But, from our aspect here, just as a quick reminder, we are a net buyer pulp; we are not that large in net buyer pulp. We have annualized about 85,000 tons of market pulp, which on a net basis that we buy in. So that with selling some pulp, we're actually a bigger buyer then that, but we are net buyer of 85,000 tons. So we watch it, it's important to us. It certainly, in our opinion, probably more important to our competitors than it is to us, particularly those competitors that don't have pulp mills.

So we just are kind of interested also wait to see what happens relative to the brands. We've heard of one company that has talked about raising the prices, and I think that's a public sort of announcement; we'll see how all that works out. When we said our prices, of course, we take into account what the brands are doing; we also put into it our costs and our needs and as we negotiate with customers. So, it's kind of one of those things where we wait and see what the overall market looks like, and we'll -- and my guess is folks are making their own assessment about the legs of this pulp market and how long it will last and how long it will stay up at high-levels even if they were to go over the top and start heading back down. Even heading down from today's levels, it's still a high pulp price. So, I'm sure that in different quarters of this country, they are studying those pulp costs right now and trying to figure out what they want to do with tissue prices.

<Q – Ian Zaffino>: Okay, great. Thank you very much.

<A – Gordon Jones>: Thanks, Ian.

Operator: And next is Kevin Cohen with Imperial Capital.

<Q – Kevin Cohen>: Good morning. Thanks, nice quarter guys. I wonder if you could talk a little bit about the pricing dynamics in tissue maybe as you look ahead to the second quarter and the second half with the industry leader out there with a price hike, and kind of how you guys think about the pulp pressure with the industry pricing and what that means for pricing for the industry, generally speaking in for you guys specifically?

<A – Gordon Jones>: Yes. Kevin not a lot to add to what I was mentioning to Ian before about the pricing. The pulp is a key variable; frankly in our opinion probably more key to other companies than it is to us, because we have our own pulping operations. But -- and we are only a net buyer of 85,000 tons of pulp. But those kinds of things may feed price increases or they may not. We kind of are very interested also as we talk to customers about what the brands might be doing on the shelves, but also other private label folks.

We're not afraid at all to raise prices as we need them, as we think appropriate, but we do those all on negotiations with individual customers, and I think this is just kind of one of those points in time where we're all trying to figure out what is appropriate relative to the market conditions. And I think that's high rise of pulp is going to drive folks either one way or the other, but it's certainly a big consideration to the entire tissue business of what's the price of pulp.

<Q – Kevin Cohen>: And I guess when you think about potentially that large CapEx program in 2011, is there sort of an absolute hurdle rate that you guys think about? Because I think clearly the return on that project exceeds the cost of capital given where the bonds trade and how the stock's performing, but are there any thoughts in terms of just an absolute hurdle rate?

<A – Linda Massman>: Yes, Kevin, we do look at all of our capital projects internally, looking at a lot of measures including internal rate of return. However, I've chosen not to disclose our specific hurdle rates to the market, but obviously looking for projects that create shareholder value and at pretty substantial IRRs above and beyond our cost of capital.

<Q – Kevin Cohen>: And then lastly, any color in terms of the increase in volumes on the paperboard side and maybe what we should think about over the balance of the year, very strong shipment trends in the first quarter clearly?

<A – Gordon Jones>: Yes, it has been. We have strong shipments there, the paperboard folks and paper wood sales folks as well as both mills are doing an excellent job on responding to the market change. There certainly has been a market change. When we look at that paperboard sales a year ago in our supplemental sales, it show 152,000 tons and here in this quarter it's 189,000 tons. That's really a function of the difference of demand and the improving economy. And so the question is really what assumption do you make about where the economy is going? This is the time of year where this business also typically does a little bit better relative to demand. So we're still trying to figure out whether or not this seasonal or economy-related, and I think that it's just a general change in business conditions that allows that. I think the economy is helping us, our backlog are stronger, we feel much better about the paperboard business this year than we did a year ago at this time. So it feels right, and it feels very positive.

<Q – Kevin Cohen>: Great, thanks for your thoughts and good luck over the balance of the year.

<A – Gordon Jones>: Great, thanks Kevin.

Operator: And next is Jerome Lande with MCM Capital.

<Q – Craig Rosenblum>: Hi, it's Craig Rosenblum here for Jerome. Just one question to clarify something you said earlier. You mentioned there was a 5% interest, was that on your tax receivable or on the tax payable and where did that 5% come from?

<A – Linda Massman>: Yes, the 5% interest is the interest that we have to pay on our uncertain tax positions, which you see in our accrued tax liability, and that interest charge will not be flowing through our interest expense, but instead flowing through our tax expense line.

<Q – Craig Rosenblum>: And that 5%, where does that 5% number come from, is that from the IRS or?

<A – Linda Massman>: Yes. It's guidance within, the IRS isn't exactly specific, but it's within the general guidelines of what would be considered a market rate.

<Q – Craig Rosenblum>: Okay. Thank you.

<A – Gordon Jones>: Thank you.

Operator: Next is Roger Spitz with the Bank of America.

<Q – Roger Spitz>: Thank you. Good morning.

<A – Gordon Jones>: Good morning, Roger.

<Q – Roger Spitz>: Regarding the 62 million tax receivable related to the alternative fuel mixture tax credits, have you already received this cash and this is just a balance sheet item or will you receive this cash in the future?

<A – Linda Massman>: We actually have already received that cash, and we will be disclosing that as well and the details were on that in our 10-Q, which will be released next week.

<Q – Roger Spitz>: You mean you received it this quarter?

<A – Linda Massman>: No, no. And --

<Q – Roger Spitz>: You received it last year?

<A – Linda Massman>: No. We received it after the quarter after the first quarter. So we received the --

<Q – Roger Spitz>: You've received in Q2, got it, got it. Okay. And regarding the southeast expansion plan, will that be up in running in the second half of '11?

<A – Gordon Jones>: I believe last time when we did the call, we talked about it, trying to get it done under that kind of a schedule, and we're not giving up on that date. We still think that that's a reasonable kind of date. As we look all other things associated with that project along with our evaluation of a paper machine, there is linkage there relative to timing, so once we are ready to talk, and as I mentioned, we are shooting very hard and are going to have some answer here before the next quarterly earnings call. But, as we give that out, and then hopefully, we can update folks about what we think our timing is, not only for that project, but also, if we were to do a paper machine, what the timing would be associated with that.

<Q – Roger Spitz>: What would be the --

<A – Gordon Jones>: That's about the timing it was.

<Q – Roger Spitz>: Okay. Perfect. What would be the kind of revenue -- incremental revenue that on an annual basis, that would produce, ballpark --

<A – Gordon Jones>: You're thinking about on the converting side --

<Q – Roger Spitz>: Yes, just the converting, just the converting portion, the southeast expansion converting portion.

<A – Linda Massman>: Yes, what we've had said on the last call was, we expected to be $10 million after the first full year of operation of EBITDA.

<Q – Roger Spitz>: Okay. And was that EBITDA based on a certain pulp price level to the extent that the changes in pulp price would have an impact on that EBITDA?

<A – Linda Massman>: Yeah, that's an average type number, obviously, that's going to fluctuate with our cost inputs.

<Q – Roger Spitz>: Okay. Do you price your pulp -- the pulp that you've transfer internally from the Pulp and Paper segment to the Consumer Products segment? Is that priced at market prices or priced at cost?

<A – Linda Massman>: At market.

<Q – Roger Spitz>: Okay. Great. Thank you very much.

<A – Gordon Jones>: Thank you, Roger.

Operator: Next is Tony Delserone with Federated Investors.

<Q – Anthony Delserone>: Gentleman, there have been a number of announcements in the trade press of tissue machines planned, many of them in the southeast. Could you please give me an idea of what that does relative to the new type of tissue machines that you're planning?

<A – Gordon Jones>: Sure. I guess first of all, going to take a half a step back to kind of position my response here. When we think of the tissue market, as we see it is about 7.5 million ton market. And the long-term trend on that is that the growth associated with that 7.5 million tons is really going to be about 2%. So call it 150,000 tons of new capacity is going to be needed every year across the total tissue markets. Remember, that's not just bathroom tissue, that's household towels and napkins and facial tissues, the whole nine yards.

So if we're going to go 2% as a demand requirement, 150,000 tons, the industry is going to need two new paper machines a year just to keep up with existing demand. And so now those machines can get split a little bit, because we have away-from-home markets and we have at-home markets. So if you took -- if you said that market was roughly split in half and one machine might be for the away-from-home market, one might be for the at-home market. We really don't know necessarily what these announcements mean about what market they're going to run into.

None of the announcements that has been made to-date really scare us relative to having an overcapacity situation on tissue. I mean all of the machines that were out, that we've seen in the press and market for those people particularly focused on still feels right and we don't see any kind of impending problem with too much capacity all of a sudden coming on at one time. Most of those machines that are announced are TAD machines, there is one or two that aren't. And what we're evaluating of course is the TAD machine. So as we look at it, there is nothing in there that scares us relative to the announcements that we've heard to-date about new capacity.

<Q – Anthony Delserone>: And the two of the specific machines that they advanced with or announced for the new technology. Does that compete with your TAD machine if they direct it towards are they the away-from-home or the at-home market appropriately?

<A – Gordon Jones>: Honestly, I don't know, really don't know which way Georgia Pacific is going with that. I'm not even sure what site they're going to put those at and what their focus is going to be. Obviously, they are big player and they have lots of resources to chase different market segments, but I really don't know what they're going to do with those two machines.

Operator: Anything further Mr. Delserone?

<Q – Anthony Delserone>: No, thank you.

Operator: And now we'll take a follow-up from Eric Hollowaty with Stephens.

<Q – Eric Hollowaty>: Okay. Yeah, just want to go back to the Paperboard business for a moment. You guys saw a slight increase in your Paperboard net selling price sequentially from the fourth quarter. And I recall, it may've been in the trade press as opposed to some time you guys issued on the call or your release. But, regarding price increases in Paperboard, did you implement anything during the first quarter and if so, do you think there is additional upside from the further implementation of a price increase, given that it often takes the a quarter or two to fully push those through to your respective customers?

<A – Gordon Jones>: Yes Eric. We actually did. We implemented some price increases, but just a moment in history here. There was an effort that was launched for January implementation date in bleached paperboard. And if you read correctly in the trade journals, there were number of countries that were chasing an SBS, a solid bleached improvement in price. And we are one of those. And that particular effort was minimally successful. It was successful for us in some grades and some parts of our book-of-business, but not on others. And then the trade journals also report that basically the SBS market is going after another increase, which would basically be those people that didn't get that increase in place or any part of that in January are now chasing it here in the month of April. So basically, I would like to thank that we are out in front of that situation, and that we were able to implement some piece of that particular price increase early. And then there is other efforts to gain price at even higher level, sort of across-the-board in the market in April. So bottom line is -- yes, I think there is more upside on the paperboard price.

<Q – Eric Hollowaty>: Great. Thanks, Gordon.

<A – Gordon Jones>: You bet.

Operator: Next is Jonathan [inaudible] with Fortress Investment Group.

<Q>: Hi, guys. I was wondering if you could speak a little bit to the in-roads you are making into the Eastern or South-Eastern markets ahead of building the two converting lines there in terms of interaction or what you guys are doing in terms of consumer products in this markets currently?

<A – Gordon Jones>: Sure. We are happy to do that. The converting operation down there, and one of the things we are excited about that converting operation is that, we already have a good customer base in the southeast, I mean we actually service that whole market already by taking our parent rolls from Lewiston and taking them as an example to our Elwood, Illinois facility, and then converting them to finished cases and shipping finished cases down there. So to the extent that we have a converting facility in the Southeast and can ship parent rolls from let's say, Idaho or it could shipped from our Las Vegas paper machine, but either way shipping to the Southeastern facility really helps this relative to freight and logistics. So we have a great freight and logistics to manage, but we're also then going to be right on site for an existing customer base. Now, we want to grow our business, and we want to look at opportunities that we have there, and we're working hard on that, but we're really moving our converting and positioning our converting into an already existing customer opportunity or customer base for us.

<Q>: That's great. And does the $10 million in incremental EBITDA take into account the savings you guys will see on freight and logistics?

<A – Linda Massman>: Yes.

<A – Gordon Jones>: Yes it is.

<Q>: Okay, thanks guys. That's it.

<A – Gordon Jones>: Okay. Thanks, Jonathan.

Operator: There are no further questions in the queue. I'd like to turn the conference back over to the presenter for closing remarks.

Gordon L. Jones, President and Chief Executive Officer

Okay. Well, thank you all very much for participating. We really appreciate your support and interest in our company, and we look forward to talking to you on our next earnings call. Thank you very much.

Operator: This does conclude our conference call today. We'd like to thank you for your participation.