



# Clearwater Paper Corporation

Third Quarter 2011 Conference Call  
Supplemental Information

Gordon Jones  
Linda Massman

Chairman, President and Chief Executive Officer  
Senior Vice-President, Chief Financial Officer

(Dollars in thousands - except per-share amounts)	Q1 2010	Q2 2010	Q3 2010	Q4 2010***	Q1 2011	Q2 2011	Q3 2011	Nine Months Ended Sept 30	
								2010	2011
<b>Net sales</b>	<b>\$330,621</b>	<b>\$343,860</b>	<b>\$352,927</b>	<b>\$345,557</b>	<b>\$465,830</b>	<b>\$494,627</b>	<b>\$501,125</b>	<b>\$1,027,408</b>	<b>\$1,461,582</b>
<b>Operating income (loss) *</b>									
Consumer Products	\$25,987	\$25,643	\$17,891	\$11,270	\$13,815	\$6,868	\$7,075	\$69,521	\$27,758
Pulp & Paperboard	(7,917)	22,660	21,073	29,053	15,648	34,456	26,266	35,816	76,370
Corporate & eliminations	(7,506)	(11,003)	(10,465)	(17,919)	(5,917)	(7,531)	(7,958)	(28,974)	(21,406)
<b>Income from operations</b>	<b>\$10,564</b>	<b>\$37,300</b>	<b>\$28,499</b>	<b>\$22,404</b>	<b>\$23,546</b>	<b>\$33,793</b>	<b>\$25,383</b>	<b>\$76,363</b>	<b>\$82,722</b>
<b>Net earnings</b>	<b>\$458</b>	<b>\$20,568</b>	<b>\$14,988</b>	<b>\$37,786</b>	<b>\$5,604</b>	<b>\$13,923</b>	<b>\$8,645</b>	<b>\$36,014</b>	<b>\$28,172</b>
Interest expense, net of interest income	(4,285)	(4,132)	(3,819)	(10,335)	(11,333)	(10,992)	(12,100)	(12,236)	(34,425)
Income tax provision	(5,821)	(12,600)	(9,692)	25,717	(6,133)	(8,649)	(5,928)	(28,113)	(20,710)
Other, net	-	-	-	-	(476)	(229)	1,290	-	585
Depreciation & amortization	(11,866)	(11,861)	(11,780)	(12,221)	(18,669)	(18,870)	(19,569)	(35,507)	(57,108)
<b>Earnings before interest, income taxes, and depreciation &amp; amortization (EBITDA)**</b>	<b>\$22,430</b>	<b>\$49,161</b>	<b>\$40,279</b>	<b>\$34,625</b>	<b>\$41,739</b>	<b>\$52,434</b>	<b>\$46,242</b>	<b>\$111,870</b>	<b>\$140,415</b>
<b>Adjusted EBITDA**</b>	<b>\$22,430</b>	<b>\$49,161</b>	<b>\$43,385</b>	<b>\$51,873</b>	<b>\$41,739</b>	<b>\$52,434</b>	<b>\$46,242</b>	<b>\$114,976</b>	<b>\$140,415</b>
<b>Adjusted EBITDA margin</b>	<b>6.8%</b>	<b>14.3%</b>	<b>12.3%</b>	<b>15.0%</b>	<b>9.0%</b>	<b>10.6%</b>	<b>9.2%</b>	<b>11.2%</b>	<b>9.6%</b>
<b>Diluted net earnings per common share</b>	<b>\$0.04</b>	<b>\$1.75</b>	<b>\$1.27</b>	<b>\$3.19</b>	<b>\$0.47</b>	<b>\$1.17</b>	<b>\$0.37</b>	<b>\$1.52</b>	<b>\$1.19</b>
<b>Total debt to total capitalization (excluding accumulated other comprehensive loss)</b>	<b>23.2%</b>	<b>22.4%</b>	<b>21.9%</b>	<b>48.8%</b>	<b>48.5%</b>	<b>47.8%</b>	<b>47.1%</b>	<b>21.9%</b>	<b>47.1%</b>
<b>Adjusted EBITDA to interest expense, net</b>	<b>5.2</b>	<b>11.9</b>	<b>11.4</b>	<b>5.0</b>	<b>3.7</b>	<b>4.8</b>	<b>3.8</b>	<b>9.4</b>	<b>4.1</b>

\* Prior period segment operating income (loss) has been adjusted to reflect our change in raw material transfers to provide comparability.

\*\* Non-GAAP measures - See reconciliation to GAAP and definition.

\*\*\* Q4 2010 amounts include four days of Cellu Tissue activity.

	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Nine Months Ended September 30	
								2010	2011
<b>Shipments</b>									
Consumer Products									
Tissue-Actual (short tons)*	52,472	55,486	55,069	55,626	129,566	128,762	134,145	163,027	392,473
Tissue-Pro forma (short tons)*	130,357	138,065	135,102	132,673	129,566	128,762	134,145	403,524	392,473
Pulp & Paperboard									
Paperboard (short tons)	189,917	188,197	184,279	176,987	171,497	201,991	184,870	562,393	558,358
Pulp (short tons)**	13,762	13,307	16,292	17,387	7,800	11,140	20,901	43,361	39,841
Lumber (MBF)	47,222	44,646	58,436	60,362	57,509	49,455	53,419	150,304	160,383
<b>Sales Price/Unit</b>									
Consumer Products									
Tissue-Actual (per short ton)*	\$ 2,627	\$ 2,620	\$ 2,614	\$ 2,567	\$ 2,078	\$ 2,088	\$ 2,126	\$ 2,621	\$ 2,099
Tissue-Pro forma (per short ton)*	2,010	2,026	2,051	2,053	2,078	2,088	2,126	2,029	2,099
Pulp & Paperboard									
Paperboard (per short ton)	\$ 881	\$ 888	\$ 948	\$ 947	\$ 983	\$ 980	\$ 971	\$ 905	\$ 978
Pulp (per short ton)**	613	784	694	679	684	718	684	696	694
Lumber (per MBF)	356	468	386	378	393	393	412	401	400

\* Tissue-Actual shipments and sales price are the actual results which include Cellu Tissue amounts only post-acquisition. The Tissue-Pro forma amounts have been restated for 2010 to include Cellu Tissue amounts.

\*\* Excludes shipments of pulp and transfer prices of pulp used internally.

**INCREASE (DECREASE) IN EARNINGS BEFORE INTEREST AND INCOME TAXES**  
(Dollars in thousands)

	3rd Quarter 2011 vs. 3rd Quarter 2010	3rd Quarter 2011 vs. 2nd Quarter 2011	YTD 2011 vs. YTD 2010
<b>Consumer Products *</b>	<b><u>(\$10,816)</u></b>	<b><u>\$207</u></b>	<b><u>(\$41,763)</u></b>
Volume	206,705	11,240	601,378
Price	(65,463)	5,098	(204,871)
Costs and other	<u>(152,058)</u>	<u>(16,131)</u>	<u>(438,270)</u>
<b>Pulp &amp; Paperboard</b>	<b><u>5,193</u></b>	<b><u>(8,190)</u></b>	<b><u>40,554</u></b>
Volume	1,821	(8,212)	(2,358)
Price	5,442	(1,360)	40,520
Costs and other	<u>(2,070)</u>	<u>1,382</u>	<u>2,392</u>
<b>Corporate and eliminations</b>	<b><u>2,507</u></b>	<b><u>(427)</u></b>	<b><u>7,568</u></b>
<b>Increase (decrease) in income from operations</b>	<b><u><u>(\$3,116)</u></u></b>	<b><u><u>(\$8,410)</u></u></b>	<b><u><u>\$6,359</u></u></b>

\* Q3'10 and YTD 2010 contain no Cellu Tissue amounts.

## Reconciliation of Non-GAAP Measures (Unaudited)

(Dollars in thousands)	Q1 2010	Q2 2010	Q3 2010	Q4 2010***	Q1 2011	Q2 2011	Q3 2011	Nine Months Ended September 30	
								2010	2011
<b>Earnings before interest, income taxes, and depreciation &amp; amortization (EBITDA)*</b>									
GAAP net earnings	\$458	\$20,568	\$14,988	\$37,786	\$5,604	\$13,923	\$8,645	\$36,014	\$28,172
Interest expense, net of interest income	4,285	4,132	3,819	10,335	11,333	10,992	12,100	12,236	34,425
Income tax provision	5,821	12,600	9,692	(25,717)	6,133	8,649	5,928	28,113	20,710
Depreciation & amortization	11,866	11,861	11,780	12,221	18,669	18,870	19,569	35,507	57,108
<b>EBITDA</b>	<b>\$22,430</b>	<b>\$49,161</b>	<b>\$40,279</b>	<b>\$34,625</b>	<b>\$41,739</b>	<b>\$52,434</b>	<b>\$46,242</b>	<b>\$111,870</b>	<b>\$140,415</b>
Cellu Tissue acquisition related expenses	-	-	3,106	17,248	-	-	-	3,106	-
<b>Adjusted EBITDA **</b>	<b>\$22,430</b>	<b>\$49,161</b>	<b>\$43,385</b>	<b>\$51,873</b>	<b>\$41,739</b>	<b>\$52,434</b>	<b>\$46,242</b>	<b>\$114,976</b>	<b>\$140,415</b>

\* **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.

\*\* **Adjusted EBITDA** excludes the Cellu Tissue acquisition

\*\*\* Q4 2010 amount include four days of Cellu Tissue activity.



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