



# CLEARWATER PAPER CORPORATION

FIRST QUARTER 2015  
SUPPLEMENTAL INFORMATION

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# FORWARD-LOOKING STATEMENTS



This 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, segment, corporate and consolidated outlook for Q2 2015 and fiscal year 2015; production; product volumes shipped; product pricing and sales mix; pulp and wood fiber costs and supply; chemical costs; operational and packaging supply costs; transportation costs; energy costs; cost and timing of major maintenance and repairs; cost of wages and benefits; selling, general, and administrative expenses; corporate expenses; consolidated sales and operating margins; EBITDA sensitivities; and estimated Q2 2015 adjusted EBITDA. 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 or changes in prices in regards to a significant customer;
- changes in transportation costs and disruptions in transportation services;
- manufacturing or operating disruptions, including equipment malfunction and damage to our manufacturing facilities caused by fire or weather-related events and IT system failures;
- changes in the cost and availability of wood fiber and wood pulp;
- labor disruptions;
- changes in costs for and availability of packaging supplies, chemicals, energy and maintenance and repairs;
- environmental liabilities or expenditures;
- changes in the U.S. and international economies and in general economic conditions in the regions and industries in which we operate; changes in customer product preferences and competitors' product offerings;
- changes in expenses and required contributions associated with our pension plans;
- reliance on a limited number of third-party suppliers for raw materials;
- cyclical industry conditions;
- inability to successfully implement our operational efficiencies and expansion strategies;
- inability to fund 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 SUMMARY



**\$434 MILLION NET SALES**

**\$38 MILLION ADJUSTED EBITDA<sup>1</sup>**

**FIRST FULL QUARTER WITHOUT SPECIALTY MILLS**

**RETURNED \$37 MILLION TO SHAREHOLDERS AS PART OF  
NEW \$100 MILLION SHARE BUYBACK PROGRAM AT  
AVERAGE COST OF \$62 PER SHARE**

**COMPLETED MAJOR MAINTENANCE AT OUR  
IDAHO PAPERBOARD FACILITY, \$15 MILLION COST**

<sup>1</sup> Non-GAAP measure – See definition and reconciliation to most comparable GAAP measure.

# FINANCIAL SUMMARY

## (UNAUDITED)



(Dollars in thousands - except per-share amounts)	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15 Outlook <sup>5</sup>
Net sales	\$ 484,920	\$ 498,759	\$ 511,142	\$ 472,318	\$ 434,026	0%-2% higher
Adjusted gross profit <sup>1</sup>	\$ 62,982	\$ 66,865	\$ 80,604	\$ 62,537	\$ 46,478	
Adjusted gross profit margin <sup>1,2</sup>	13.0%	13.4%	15.8%	13.2%	10.7%	
Adjusted selling, general and administrative expenses <sup>1</sup>	(\$30,465)	(\$31,601)	(\$30,936)	(\$31,620)	(\$29,558)	
Adjusted operating income (loss) <sup>1</sup>	\$ 32,517	\$ 35,264	\$ 49,668	\$ 30,917	\$ 16,920	
Consumer Products	8,659	14,922	17,923	13,339	13,632	
Pulp and Paperboard	36,776	33,635	45,602	31,236	17,110	
Corporate	(12,918)	(13,293)	(13,857)	(13,658)	(13,822)	
Adjusted operating margin <sup>1,3</sup>	6.7%	7.1%	9.7%	6.5%	3.9%	4.9%-6.1%
Interest expense, net	(\$10,734)	(\$10,688)	(\$9,570)	(\$8,158)	(\$7,782)	
Adjusted income tax provision <sup>1</sup>	(\$7,881)	(\$9,323)	(\$14,403)	(\$7,782)	(\$2,217)	
Adjusted net earnings <sup>1</sup>	\$ 13,902	\$ 15,253	\$ 25,695	\$ 14,977	\$ 6,921	
Depreciation and amortization expense	\$ 22,231	\$ 22,015	\$ 22,293	\$ 23,606	\$ 21,008	
Adjusted EBITDA <sup>1</sup>	\$ 54,748	\$ 57,279	\$ 71,961	\$ 54,523	\$ 37,928	\$42,000-\$48,000
Consumer Products	24,149	29,993	33,407	28,798	26,609	
Pulp and Paperboard	43,046	39,654	51,541	38,460	24,421	
Corporate	(12,447)	(12,368)	(12,987)	(12,735)	(13,102)	
Adjusted EBITDA margin <sup>1,4</sup>	11.3%	11.5%	14.1%	11.5%	8.7%	
Adjusted net earnings per diluted common share <sup>1</sup>	\$ 0.66	\$ 0.74	\$ 1.28	\$ 0.77	\$ 0.36	
Debt to rolling four quarter total Adjusted EBITDA <sup>1</sup>	3.0	2.9	2.5	2.4	2.6	
Capital Expenditures	\$ 14,751	\$ 16,949	\$ 26,161	\$ 41,739	\$ 20,809	

<sup>1</sup> Non-GAAP measure – See definition and reconciliation to most comparable GAAP measure.

<sup>2</sup> Adjusted gross profit margin is defined as Adjusted gross profit divided by Net sales.

<sup>3</sup> Adjusted operating margin is defined as Adjusted operating income divided by Net sales.

<sup>4</sup> Adjusted EBITDA margin is defined as Adjusted EBITDA divided by Net sales.

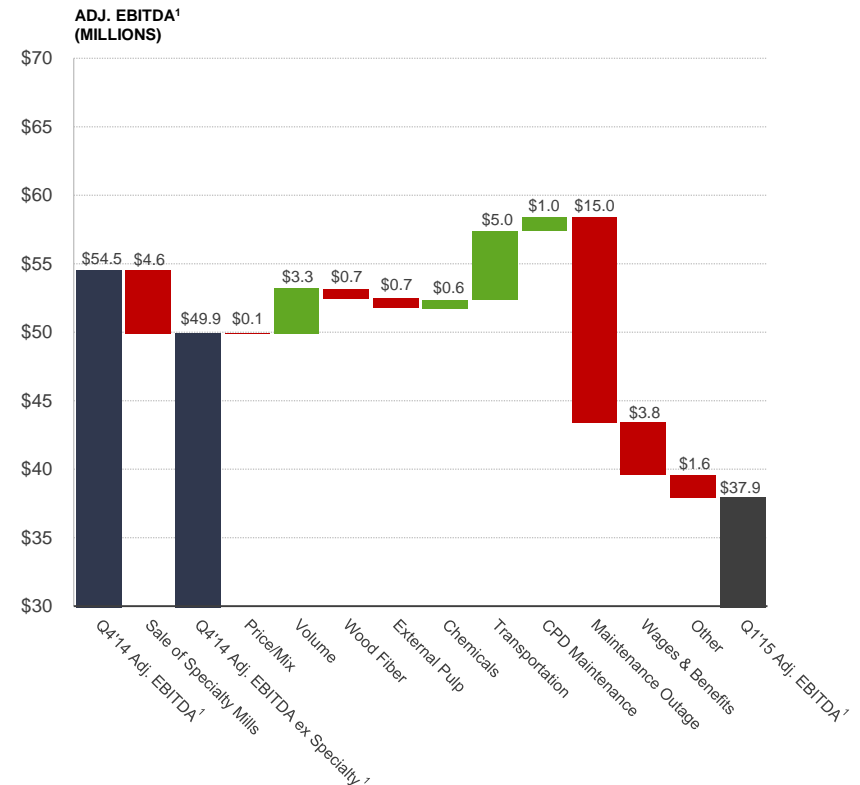
<sup>5</sup> This information is based upon management's current expectations and estimates, which are in part based on market and industry data. Many factors are outside the control of management, including particularly input costs for commodity products, and actual results may differ materially from the information set forth above. See "Forward-Looking Statements" on page 1.



# Q1'15 VS. Q4'14 CONSOLIDATED ADJUSTED EBITDA<sup>1</sup> BRIDGE



<b>SALE OF SPECIALTY MILLS</b>	Divested 5 specialty mills at end of Q4'14
<b>VOLUME</b>	Higher paperboard shipments due to improved West Coast port situation and sell-through of consignment inventory
<b>PPD WOOD FIBER</b>	Higher than expected purchased pulp in PPD
<b>CPD EXTERNAL PULP</b>	Higher mix of external pulp usage due to major maintenance outage at Lewiston PPD
<b>CHEMICALS</b>	Lower polyethylene costs driven by increased capacity and lower oil prices
<b>TRANSPORTATION</b>	Lower transportation costs due to improved inventory levels and network optimization
<b>CPD MAINTENANCE</b>	Lower planned maintenance
<b>MAINTENANCE OUTAGE</b>	Planned major maintenance outage at Lewiston PPD
<b>WAGES &amp; BENEFITS</b>	Seasonally higher overall benefit costs driven by taxes and variable compensation



<sup>1</sup> Non-GAAP measure – See definition and reconciliation to most comparable GAAP measure.

# Q1'15 VS. Q1'14 CONSOLIDATED ADJUSTED EBITDA<sup>1</sup> BRIDGE



## SALE OF SPECIALTY MILLS

Divested 5 specialty mills at end of Q4'14

## PRICE/MIX

Higher paperboard pricing and richer tissue mix with shift towards TAD products

## VOLUME

Lower paperboard shipments due to West Coast shipping ports labor slowdown

## PPD WOOD FIBER

Higher fiber costs due to wet weather in the South and reduced operating schedules at Northwest lumber mills

## CPD EXTERNAL PULP

Favorable hardwood pulp pricing partially offset by higher mix of external pulp usage due to major maintenance outage at Lewiston PPD

## OPERATING & PACKAGING SUPPLIES

Lower poly packaging pricing in CPD

## ENERGY

Less severe cold weather related impact than Q1'14

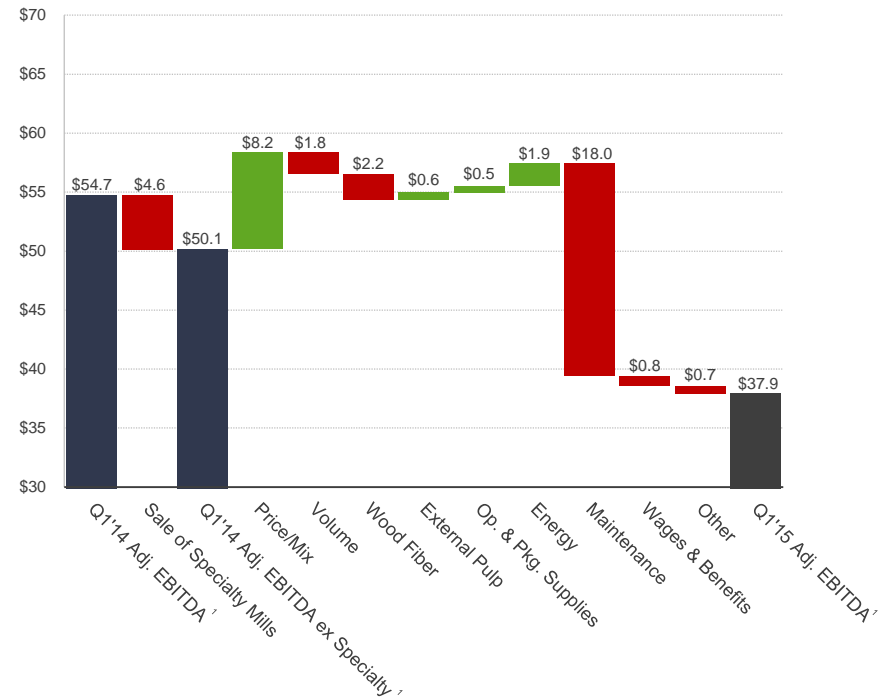
## MAINTENANCE

Major maintenance outage at Lewiston PPD as well as higher additional scheduled PPD maintenance

## WAGES & BENEFITS

Higher wages and benefit costs partly offset by Long Island closure savings

ADJ. EBITDA<sup>1</sup>  
(MILLIONS)



<sup>1</sup> Non-GAAP measure – See definition and reconciliation to most comparable GAAP measure.

# KEY SEGMENT RESULTS – CONSUMER PRODUCTS (UNAUDITED)



	RESULTS INCLUDE SPECIALTY MILLS OPERATIONS WHICH WERE SOLD AT THE END OF Q4'14				Q1'15	CONSUMER PRODUCTS CROSS-CYCLE FINANCIAL MODEL
	Q1'14	Q2'14	Q3'14	Q4'14		
<b>Shipments</b>						
Non-Retail (short tons) <sup>1</sup>	56,839	59,832	59,703	57,765	21,107	
Retail (short tons)	70,919	75,009	75,363	72,420	71,102	
<b>Total Tissue Tons</b>	<b>127,758</b>	<b>134,841</b>	<b>135,066</b>	<b>130,185</b>	<b>92,209</b>	
<b>Converted Products (cases in thousands)<sup>2</sup></b>	<b>13,437</b>	<b>14,101</b>	<b>14,360</b>	<b>13,603</b>	<b>13,025</b>	
<b>Sales Price</b>						
Non-Retail (\$/short ton) <sup>1</sup>	\$1,489	\$1,492	\$1,531	\$1,506	\$1,475	
Retail (\$/short ton)	2,841	2,795	2,836	2,820	2,864	
<b>Total Tissue</b>	<b>\$2,239</b>	<b>\$2,217</b>	<b>\$2,259</b>	<b>\$2,237</b>	<b>\$2,546</b>	
<b>Segment net sales (\$ in thousands)</b>	<b>\$286,508</b>	<b>\$299,130</b>	<b>\$306,104</b>	<b>\$291,643</b>	<b>\$235,176</b>	
<b>Segment Adjusted EBITDA<sup>3</sup> (\$ in thousands)</b>	<b>\$24,149</b>	<b>\$29,993</b>	<b>\$33,407</b>	<b>\$28,798</b>	<b>\$26,609</b>	
<b>Segment Adjusted EBITDA margin<sup>3,4</sup></b>	<b>8.4%</b>	<b>10.0%</b>	<b>10.9%</b>	<b>9.9%</b>	<b>11.3%</b>	<b>17.0%</b>

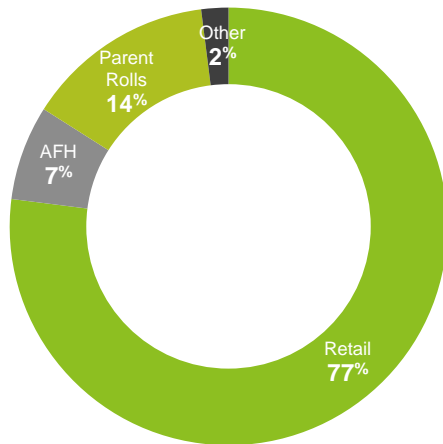
<sup>1</sup> Includes away-from-home (AFH), contract, machine-glazed (MG) and parent roll tissue products. <sup>2</sup> Includes retail, AFH, and contract tissue case products.

<sup>3</sup> Non-GAAP measure – See definition and reconciliation to most comparable GAAP measure. <sup>4</sup> Segment Adjusted EBITDA margin is defined as Segment Adjusted EBITDA divided by Segment net sales.

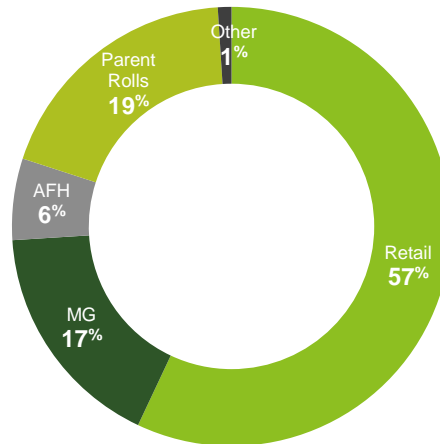
# CLEARWATER PAPER TISSUE SHIPMENTS AND U.S. RETAIL TISSUE MARKET



CLW Q1'15 by  
Market Segment  
(% of Tons)



CLW Q4'14 by  
Market Segment  
(% of Tons)



U.S. Retail Tissue Market  
(MultiOutlet)

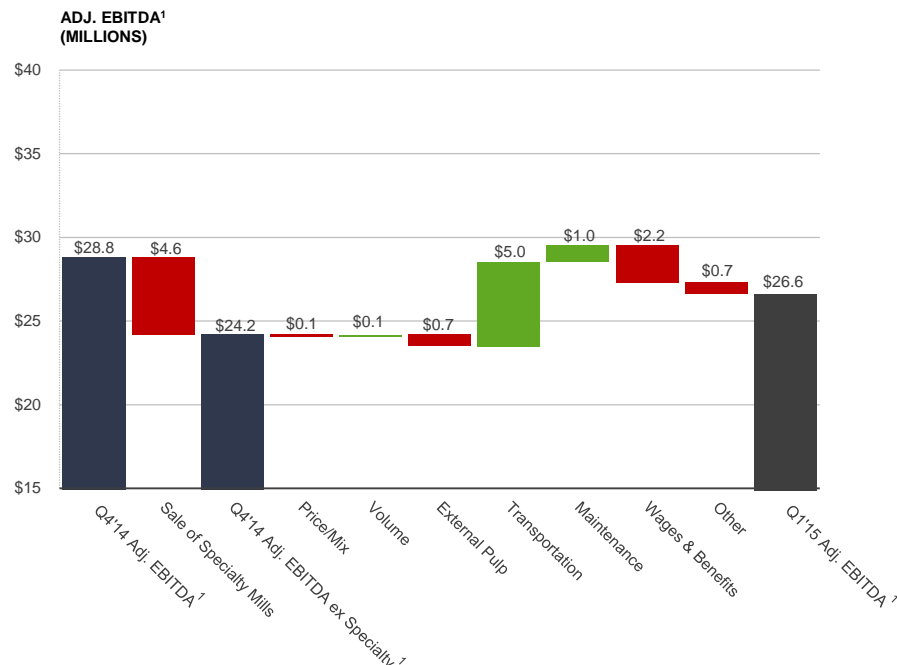
CATEGORY	PRIVATE LABEL	BRANDS	TOTAL
Total Retail Tissue Share	28%	72%	100%
% Change Q1'15 vs. Q4'14	0.2%	(0.2)%	-%



# Q1'15 VS. Q4'14 CONSUMER PRODUCTS ADJUSTED EBITDA<sup>1</sup> BRIDGE



<b>SALE OF SPECIALTY MILLS</b>	Divested 5 specialty mills at end of Q4'14
<b>EXTERNAL PULP</b>	Higher mix of external pulp usage due to major maintenance outage at Lewiston PPD
<b>TRANSPORTATION</b>	Lower transportation costs due to improved inventory levels and network optimization
<b>MAINTENANCE</b>	Lower planned maintenance
<b>WAGES &amp; BENEFITS</b>	Seasonally higher overall benefit costs driven by taxes and variable compensation



## Segment Actual vs. Previous Outlook

	PRICE/MIX	SHIPMENT VOLUMES	EXTERNAL PULP	CHEMICAL COSTS	OP. & PKG. SUPPLIES	TRANSPORTATION COSTS	ENERGY COSTS	MAINTENANCE	SG&A
<b>FEBRUARY '15 Q1'15 OUTLOOK VERSUS Q4'14</b>	0-1% higher ▲	0-1% higher ▲	Cost / shipped ton: stable ▶	Cost / shipped ton: stable ▶	Cost / shipped ton: lower ▼	Cost / shipped ton: lower ▼	Cost / shipped ton: stable ▶	Stable ▶	Stable ▶
<b>Q1'15 ACTUAL VERSUS Q4'14</b>	Stable ▶	Stable ▶	Cost / shipped ton: higher ▲	Cost / shipped ton: stable ▶	Cost / shipped ton: lower ▼	Cost / shipped ton: lower ▼	Cost / shipped ton: stable ▶	Lower ▼	Stable ▶

<sup>1</sup> Non-GAAP measure – See definition and reconciliation to most comparable GAAP measure.

# KEY SEGMENT RESULTS – PULP AND PAPERBOARD (UNAUDITED)



	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	PULP AND PAPERBOARD CROSS-CYCLE FINANCIAL MODEL
<b>Shipments</b>						
Paperboard (short tons)	200,665	195,924	201,609	176,467	191,635	
<b>Sales Price</b>						
Paperboard (\$/short ton)	\$988	\$1,017	\$1,016	\$1,017	\$1,031	
Segment net sales (\$ in thousands)	\$198,412	\$199,629	\$205,038	\$180,675	\$198,850	
Segment Adjusted EBITDA <sup>1</sup> (\$ in thousands)	\$43,046	\$39,654	\$51,541	\$38,460	\$24,421	
Segment Adjusted EBITDA margin <sup>1,2</sup>	21.7%	19.9%	25.1%	21.3%	12.3%	19.0%

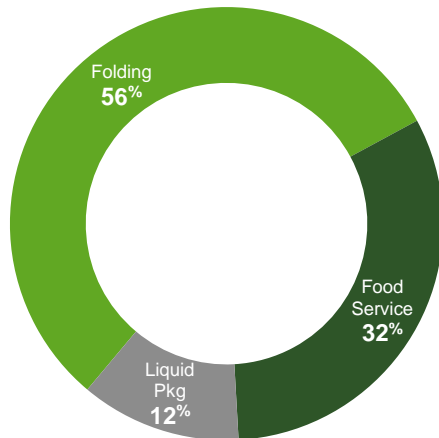
<sup>1</sup> Non-GAAP measure – See definition and reconciliation to most comparable GAAP measure.

<sup>2</sup> Segment Adjusted EBITDA margin is defined as Segment Adjusted EBITDA divided by Segment net sales.

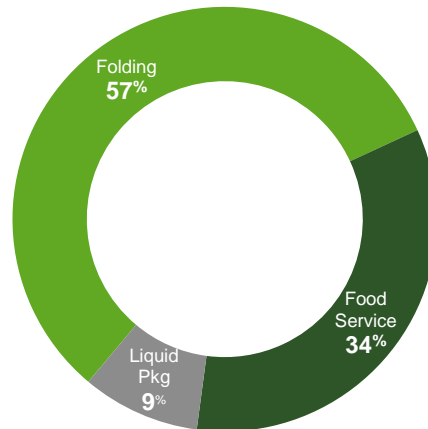
# CLEARWATER PAPER PAPERBOARD SHIPMENTS AND U.S. PAPERBOARD MARKET



CLW Q1'15  
by Market Segment  
(% of Tons)



CLW Q4'14 by Market Segment  
(% of Tons)



U.S. Paperboard Production

CATEGORY	CLEARWATER PAPER	OTHER
Total Domestic SBS <sup>1</sup> Market Share	13%	87%
Folding	18%	82%
Food Service <sup>2</sup>	14%	86%
Liquid Packaging	5%	95%

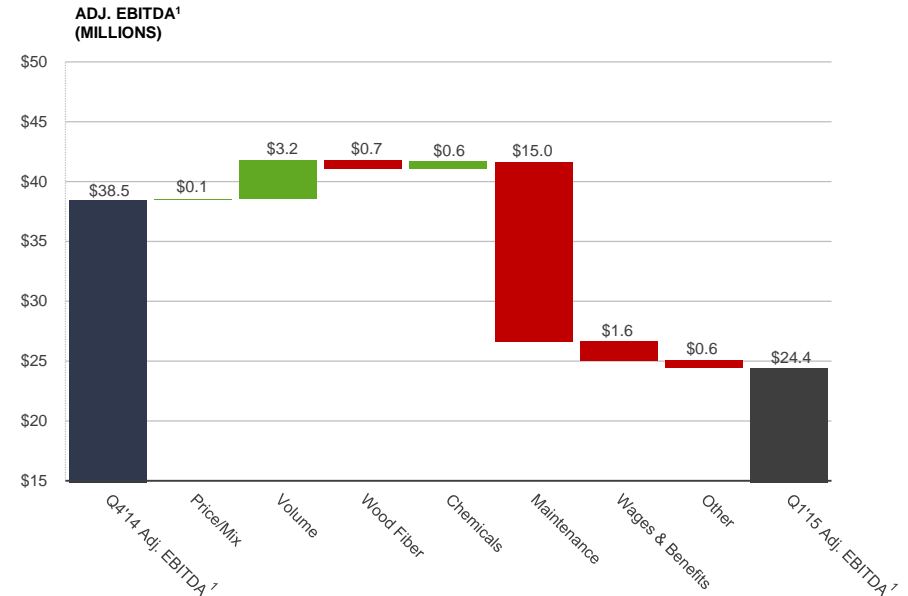
<sup>1</sup> Solid Bleached Sulfate.

<sup>2</sup> Food Service includes cup, plate, dish and tray products.

# Q1'15 VS. Q4'14 PULP AND PAPERBOARD ADJUSTED EBITDA<sup>1</sup> BRIDGE



<b>VOLUME</b>	Higher paperboard shipments due to improved West Coast port situation and sell-through of consignment inventory
<b>WOOD FIBER</b>	Higher than expected purchased pulp usage
<b>CHEMICALS</b>	Lower polyethylene costs driven by higher capacity and lower oil prices
<b>MAINTENANCE</b>	Planned major maintenance outage at Lewiston
<b>WAGES &amp; BENEFITS</b>	Seasonally higher overall benefit costs driven by taxes and variable compensation



## Segment Actual vs. Previous Outlook

	PRICE/MIX	SHIPMENT VOLUMES	WOOD FIBER	CHEMICAL COSTS	OP. & PKG. SUPPLIES	TRANSPORTATION COSTS	ENERGY COSTS	MAINTENANCE	SG&A
<b>FEBRUARY '15 Q1'15 OUTLOOK VERSUS Q4'14</b>	0-1% higher	1-5% higher	Cost / shipped ton: stable	Cost / shipped ton: lower	Cost / shipped ton: stable	Cost / shipped ton: stable	Cost / shipped ton: stable	\$13-\$15M higher	Stable
<b>Q1'15 ACTUAL VERSUS Q4'14</b>	1% higher	9% higher	Cost / shipped ton: higher	Cost / shipped ton: lower	Cost / shipped ton: stable	Cost / shipped ton: stable	Cost / shipped ton: stable	\$15M higher	Stable

<sup>1</sup> Non-GAAP measure – See definition and reconciliation to most comparable GAAP measure.

# CLEARWATER PAPER CROSS-CYCLE FINANCIAL MODEL

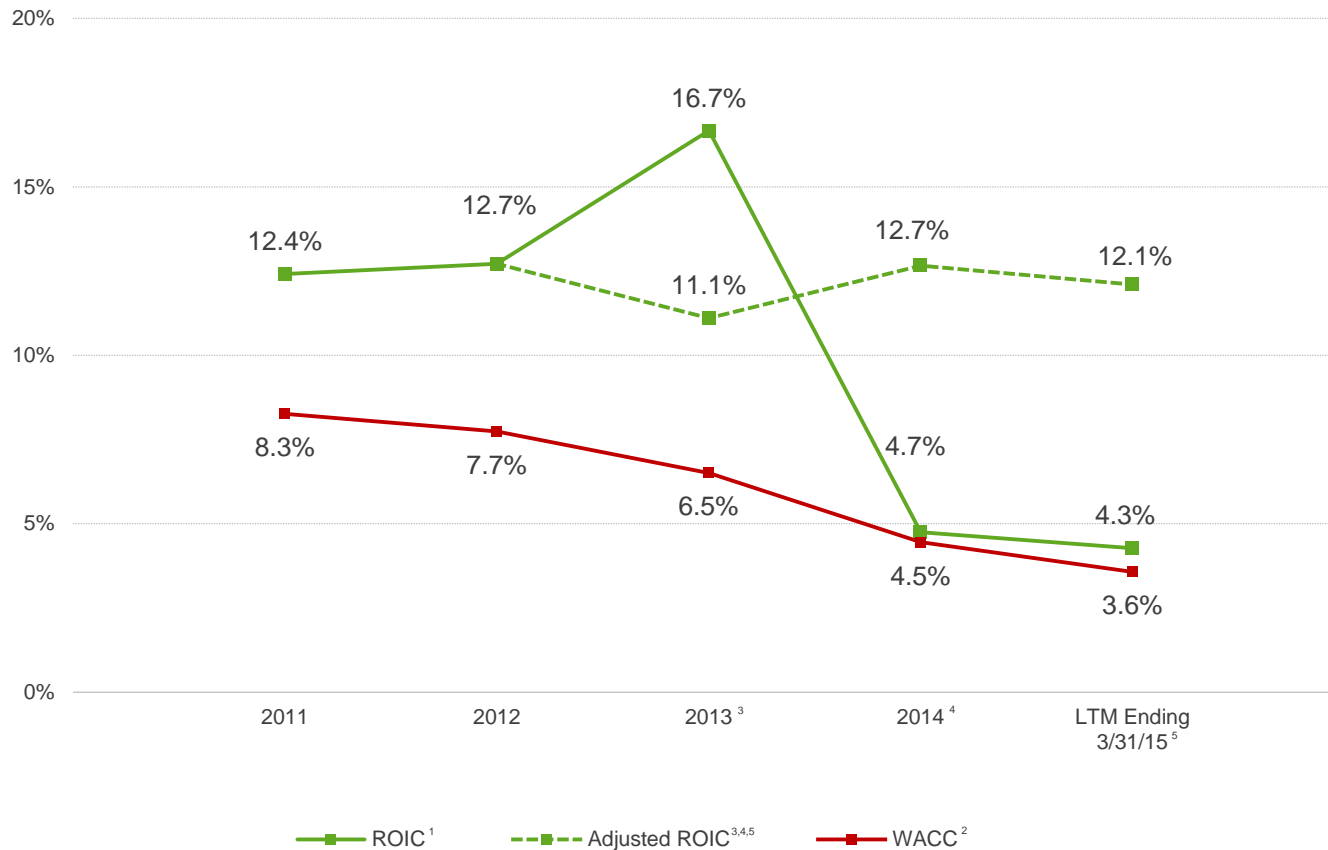


(Dollars in thousands)	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	CLEARWATER PAPER CROSS-CYCLE FINANCIAL MODEL
Net sales	100%	100%	100%	100%	100%	100%
Adjusted gross profit margin <sup>1</sup>	13.0%	13.4%	15.8%	13.2%	10.7%	17.0%
Adjusted SG&A expenses <sup>1</sup> as % of net sales	(6.3%)	(6.3%)	(6.1%)	(6.7%)	(6.8%)	(6.0%)
Adjusted operating margin <sup>1</sup>	6.7%	7.1%	9.7%	6.5%	3.9%	11.0%
Adjusted net earnings <sup>1</sup> as % of net sales	2.9%	3.1%	5.0%	3.2%	1.6%	5.0%
Adjusted EBITDA margin <sup>1</sup>	11.3%	11.5%	14.1%	11.5%	8.7%	15.0%

<sup>1</sup> Non-GAAP measure – See definition and reconciliation to most comparable GAAP measure.



# RETURN ON INVESTED CAPITAL<sup>1,6</sup> (UNAUDITED)



<sup>1</sup> Return on Invested Capital (ROIC) is defined as [Net Earnings + Interest Expense] / [Tangible Stockholders' Equity<sup>6</sup> + Debt - Excess (Deficit) Cash<sup>6</sup>].

<sup>2</sup> Weighted Average Cost of Capital (WACC) is defined as [(Debt x Cost of Debt x (1-Marginal Tax Rate))/(Debt + Stockholders' Equity)] + [(Stockholders' Equity x Cost of Equity)/(Debt + Stockholders' Equity)].

<sup>3</sup> 2013 Adjusted ROIC Net Earnings was adjusted to remove a benefit of \$67.5 million from discrete tax items relating to release of uncertain tax positions.

2013 Adjusted ROIC Interest Expense includes debt retirement costs of \$17.1 million.

<sup>4</sup> 2014 Adjusted ROIC Net Earnings was adjusted to remove costs/loss associated with optimization and sale of the specialty mills totaling \$37.0 million after-tax.

2014 Adjusted ROIC Interest Expense includes debt retirement costs of \$24.4 million.

<sup>5</sup> LTM Ending 3/31/15 Adjusted ROIC Net Earnings was adjusted to remove costs/loss associated with optimization and sale of the specialty mills totaling \$36.9 million after-tax.

LTM Ending 3/31/15 Adjusted ROIC Interest Expense includes debt retirement costs of \$24.4 million.

<sup>6</sup> Non-GAAP measure - See definition and reconciliation to most comparable GAAP measure.

# SECOND QUARTER 2015 OUTLOOK (COMPARED TO Q1'15)<sup>1</sup>



	CONSUMER PRODUCTS	PULP AND PAPERBOARD	CORPORATE
SHIPMENT VOLUMES	• Slightly higher: 0–2% higher	• Slightly higher: 0–2% higher	
PRICE/MIX	• Stable	• Stable	
PULP/WOOD FIBER COSTS	• Cost/shipped ton: lower	• Cost/shipped ton: lower	
CHEMICAL COSTS	• Cost/shipped ton: stable	• Cost/shipped ton: stable	
OP. & PKG. SUPPLIES	• Cost/shipped ton: stable	• Cost/shipped ton: stable	
TRANSPORTATION COSTS	• Cost/shipped ton: higher	• Cost/shipped ton: higher	
ENERGY COSTS	• Cost/shipped ton: stable	• Cost/shipped ton: stable	
MAINTENANCE & REPAIRS	• Higher	• Lower due to completion of Idaho outage (\$15M) • Arkansas outage \$6-\$8M cost • Lower by net (\$7-9M)	
SG&A	• Stable	• Stable	• Stable

Consolidated Outlook: net sales 0-2% higher; adjusted operating margin 4.9-6.1%

<sup>1</sup> 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.

# BRIDGE TO Q2'15 ADJUSTED EBITDA OUTLOOK<sup>1,2</sup>



<sup>1</sup> 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.

<sup>2</sup> Non-GAAP measure – See definition and reconciliation to most comparable GAAP measure.

# EBITDA SENSITIVITIES



COGS INPUT	UNIT OF MEASURE	2014 UNITS (APPROXIMATION)	\$ CHANGE PER UNIT +/-	APPROXIMATE ANNUAL EBITDA IMPACT +/- (DOLLARS IN MILLIONS)
Purchased Pulp	Ton	250,000	\$25	\$6.3
Chips/Saw dust	Ton	2,300,000	\$3	\$6.9
Diesel	Gallon of Diesel	10,000,000	\$0.50	\$5.0
Linehaul Rate	Mile	65,000,000	\$0.10	\$6.5
Chemicals	Paper Ton Produced	1,200,000	\$5	\$6.0
Electricity	MWh	1,200,000	\$5	\$6.0
Natural Gas	MBTU	10,200,000	\$0.50	\$5.1

*\*Excluding specialty mills*

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



(Dollars in thousands)	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15
Gross profit <sup>1</sup>	\$ 58,291	\$ 64,648	\$ 76,685	\$ 58,675	\$ 44,194
Costs associated with Thomaston facility closure	750	374	42	91	-
Costs associated with Long Island facility closure	3,941	1,843	3,877	3,771	554
Non-recurring costs associated with labor agreement	-	-	-	-	1,730
Adjusted gross profit <sup>2</sup>	\$ 62,982	\$ 66,865	\$ 80,604	\$ 62,537	\$ 46,478
Selling, general and administrative expenses (SG&A)	(\$33,514)	(\$31,565)	(\$31,817)	(\$33,206)	(\$28,957)
Costs associated with Long Island facility closure	232	-	-	-	-
Directors' equity-based compensation expense (benefit)	2,817	(36)	(185)	2,010	(470)
Costs/loss associated with optimization and sale of the specialty mills	-	-	1,066	(424)	(131)
Adjusted selling, general and administrative expenses <sup>2</sup>	(\$30,465)	(\$31,601)	(\$30,936)	(\$31,620)	(\$29,558)

<sup>1</sup> Gross profit is defined as net sales minus cost of sales.

<sup>2</sup> 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)	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15
<b>Consumer Products</b>					
Operating (loss) income	(\$523)	\$ 12,705	\$ 12,535	(\$30,745)	\$12,395
Costs associated with Thomaston facility closure	750	374	42	91	-
Costs associated with Long Island facility closure	8,432	1,843	4,767	3,771	554
Costs/loss associated with optimization and sale of the specialty mills	-	-	579	40,222	(131)
Non-recurring costs associated with labor agreement	-	-	-	-	814
<b>Adjusted Consumer Products operating income<sup>1</sup></b>	<b>\$ 8,659</b>	<b>\$ 14,922</b>	<b>\$ 17,923</b>	<b>\$ 13,339</b>	<b>\$ 13,632</b>
<b>Pulp and Paperboard</b>					
Operating Income	\$ 36,776	\$ 33,635	\$ 45,602	\$ 28,158	\$ 16,194
Loss on impairment of Clearwater Fiber intangible asset	-	-	-	3,078	-
Non-recurring costs associated with labor agreement	-	-	-	-	916
<b>Adjusted Pulp and Paperboard operating income<sup>1</sup></b>	<b>\$ 36,776</b>	<b>\$ 33,635</b>	<b>\$ 45,602</b>	<b>\$ 31,236</b>	<b>\$ 17,110</b>
<b>Corporate</b>					
Operating loss	(\$15,735)	(\$13,257)	(\$14,159)	(\$15,181)	(\$13,352)
Directors' equity-based compensation expense (benefit)	2,817	(36)	(185)	2,010	(470)
Costs/loss associated with optimization and sale of the specialty mills	-	-	487	(487)	-
<b>Adjusted Corporate operating loss<sup>1</sup></b>	<b>(\$12,918)</b>	<b>(\$13,293)</b>	<b>(\$13,857)</b>	<b>(\$13,658)</b>	<b>(\$13,822)</b>

<sup>1</sup> 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)

	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15
<b>GAAP net earnings (loss)</b>	<b>\$ 6,226</b>	<b>\$ 12,453</b>	<b>\$ 6,253</b>	<b>(\$27,247)</b>	<b>\$5,757</b>
Special items, after tax: <sup>1</sup>					
Debt retirement costs	-	-	15,777	-	-
Directors' equity-based compensation expense (benefit)	1,802	(23)	(120)	1,322	(325)
Costs associated with Thomaston facility closure	480	242	27	60	-
Costs associated with Long Island facility closure	5,394	1,193	3,069	2,480	383
Costs/loss associated with optimization and sale of the specialty mills	-	-	689	36,338	(91)
Discrete tax item related to state tax rate changes	-	1,388	-	-	-
Loss on impairment of Clearwater Fiber intangible asset	-	-	-	2,024	-
Non-recurring costs associated with labor agreement	-	-	-	-	1,197
<b>Adjusted net earnings<sup>2</sup></b>	<b>\$ 13,902</b>	<b>\$ 15,253</b>	<b>\$ 25,695</b>	<b>\$ 14,977</b>	<b>\$ 6,921</b>
<b>Net earnings (loss) per diluted common share</b>	<b>\$ 0.29</b>	<b>\$ 0.61</b>	<b>\$ 0.31</b>	<b>(\$1.39)</b>	<b>\$0.30</b>
Special items, after tax: <sup>1</sup>					
Debt retirement costs	-	-	0.78	-	-
Directors' equity-based compensation expense (benefit)	0.08	-	(0.01)	0.07	(0.02)
Costs associated with Thomaston facility closure	0.02	0.01	-	-	-
Costs associated with Long Island facility closure	0.25	0.06	0.15	0.13	0.02
Costs/loss associated with optimization and sale of the specialty mills	-	-	0.03	1.86	-
Discrete tax item related to state tax rate changes	-	0.07	-	-	-
Loss on impairment of Clearwater Fiber intangible asset	-	-	-	0.10	-
Non-recurring costs associated with labor agreement	-	-	-	-	0.06
<b>Adjusted net earnings per diluted common share<sup>2</sup></b>	<b>\$ 0.66</b>	<b>\$ 0.74</b>	<b>\$ 1.28</b>	<b>\$ 0.77</b>	<b>\$ 0.36</b>

<sup>1</sup> All non-tax items are tax effected at the expected annual rate for that period.

<sup>2</sup> 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)	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15
GAAP income tax provision	(\$3,558)	(\$9,942)	(\$3,735)	(\$1,321)	(\$1,698)
Special items, tax impact:					
Debt retirement costs	-	-	(8,643)	-	-
Directors' equity-based compensation (expense) benefit	(1,015)	13	65	(688)	145
Costs associated w ith Thomaston facility closure	(270)	(132)	(15)	(31)	-
Costs associated w ith Long Island facility closure	(3,038)	(650)	(1,698)	(1,291)	(171)
Costs/loss associated w ith optimization and sale of the specialty mills	-	-	(377)	(3,397)	40
Discrete tax item related to state tax rate changes	-	1,388	-	-	-
Loss on impairment of Clearw ater Fiber intangible asset	-	-	-	(1,054)	-
Non-recurring costs associated w ith labor agreement	-	-	-	-	(533)
Adjusted income tax provision <sup>1</sup>	(\$7,881)	(\$9,323)	(\$14,403)	(\$7,782)	(\$2,217)

<sup>1</sup> 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)

	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15
<b>Earnings before interest, income taxes, and depreciation &amp; amortization (EBITDA)<sup>1</sup></b>					
GAAP net earnings (loss)	\$ 6,226	\$ 12,453	\$ 6,253	(\$27,247)	\$5,757
Interest expense, net <sup>2</sup>	10,734	10,688	33,990	8,158	7,782
Income tax provision	3,558	9,942	3,735	1,321	1,698
Depreciation and amortization expense	22,231	22,015	22,293	23,606	21,008
<b>EBITDA<sup>1</sup></b>	<b>\$ 42,749</b>	<b>\$ 55,098</b>	<b>\$ 66,271</b>	<b>\$ 5,838</b>	<b>\$ 36,245</b>
Directors' equity-based compensation expense (benefit)	2,817	(36)	(185)	2,010	(470)
Costs associated with Thomaston facility closure	750	374	42	91	-
Costs associated with Long Island facility closure	8,432	1,843	4,767	3,771	554
Costs/loss associated with optimization and sale of the specialty mills	-	-	1,066	39,735	(131)
Loss on impairment of Clearwater Fiber intangible asset	-	-	-	3,078	-
Non-recurring costs associated with labor agreement	-	-	-	-	1,730
<b>Adjusted EBITDA<sup>3</sup></b>	<b>\$ 54,748</b>	<b>\$ 57,279</b>	<b>\$ 71,961</b>	<b>\$ 54,523</b>	<b>\$ 37,928</b>

<sup>1</sup> 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.

<sup>2</sup> Interest expense, net for the third quarter of 2014 includes debt retirement costs of \$24.4 million.

<sup>3</sup> 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)	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15
<b>Consumer Products</b>					
Operating (loss) income	(\$523)	\$ 12,705	\$ 12,535	\$ (30,745)	\$ 12,395
Depreciation and amortization expense	15,490	15,071	15,484	15,459	12,977
<b>Segment EBITDA<sup>1</sup></b>	<b>\$ 14,967</b>	<b>\$ 27,776</b>	<b>\$ 28,019</b>	<b>(\$15,286)</b>	<b>\$25,372</b>
Costs associated with Thomaston facility closure	750	374	42	91	-
Costs associated with Long Island facility closure	8,432	1,843	4,767	3,771	554
Costs/loss associated with optimization and sale of the specialty mills	-	-	579	40,222	(131)
Non-recurring costs associated with labor agreement	-	-	-	-	814
<b>Segment Adjusted EBITDA<sup>2</sup></b>	<b>\$ 24,149</b>	<b>\$ 29,993</b>	<b>\$ 33,407</b>	<b>\$ 28,798</b>	<b>\$ 26,609</b>
<b>Pulp and Paperboard</b>					
Operating income	\$ 36,776	\$ 33,635	\$ 45,602	\$ 28,158	\$ 16,194
Depreciation and amortization expense	6,270	6,019	5,939	7,224	7,311
<b>Segment EBITDA<sup>1</sup></b>	<b>\$43,046</b>	<b>\$39,654</b>	<b>\$51,541</b>	<b>\$35,382</b>	<b>\$23,505</b>
Loss on impairment of Clearwater Fiber intangible asset	-	-	-	3,078	-
Non-recurring costs associated with labor agreement	-	-	-	-	916
<b>Segment Adjusted EBITDA<sup>2</sup></b>	<b>\$ 43,046</b>	<b>\$ 39,654</b>	<b>\$ 51,541</b>	<b>\$ 38,460</b>	<b>\$ 24,421</b>
<b>Corporate</b>					
Operating loss	(\$15,735)	(\$13,257)	(\$14,159)	(\$15,181)	(\$13,352)
Depreciation and amortization expense	471	925	870	923	720
<b>Segment EBITDA<sup>1</sup></b>	<b>(\$15,264)</b>	<b>(\$12,332)</b>	<b>(\$13,289)</b>	<b>(\$14,258)</b>	<b>(\$12,632)</b>
Directors' equity-based compensation expense (benefit)	2,817	(36)	(185)	2,010	(470)
Costs/loss associated with optimization and sale of the specialty mills	-	-	487	(487)	-
<b>Segment Adjusted EBITDA<sup>2</sup></b>	<b>(\$12,447)</b>	<b>(\$12,368)</b>	<b>(\$12,987)</b>	<b>(\$12,735)</b>	<b>(\$13,102)</b>

<sup>1</sup> 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.

<sup>2</sup> Segment Adjusted EBITDA excludes the impact of the items listed that we do not believe are indicative of our core operating performance.



# RETURN ON INVESTED CAPITAL, TANGIBLE STOCKHOLDERS' EQUITY & EXCESS CASH RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)



(Dollars in thousands)	Twelve Months Ending March 31,				
	2011	2012	2013	2014	2015
Net earnings (loss)	\$ 39,674	\$ 64,131	\$ 106,955	(\$2,315)	(\$2,784)
Interest expense, net	44,809	33,796	44,036	39,150	36,198
<b>Net earnings before interest<sup>1</sup></b>	<b>\$ 84,483</b>	<b>\$ 97,927</b>	<b>\$ 150,991</b>	<b>\$ 36,835</b>	<b>\$ 33,414</b>
Tangible stockholders' equity <sup>2</sup>	\$ 205,623	\$ 263,608	\$ 334,783	\$ 263,494	\$ 233,836
Debt	523,694	523,933	650,000	575,000	575,000
Less excess cash <sup>3</sup>	(48,440)	(17,579)	(78,675)	(62,331)	(25,796)
<b>Invested capital</b>	<b>\$ 680,877</b>	<b>\$ 769,962</b>	<b>\$ 906,108</b>	<b>\$ 776,163</b>	<b>\$ 783,040</b>
Return on Invested Capital (ROIC)	12.4%	12.7%	16.7%	4.7%	4.3%
Stockholders' equity	\$ 484,904	\$ 540,894	\$ 605,094	\$ 497,537	\$ 466,638
Goodwill	(229,533)	(229,533)	(229,533)	(209,087)	(209,087)
Intangible assets, net	(49,748)	(47,753)	(40,778)	(24,956)	(23,715)
<b>Tangible stockholders' equity<sup>2</sup></b>	<b>\$ 205,623</b>	<b>\$ 263,608</b>	<b>\$ 334,783</b>	<b>\$ 263,494</b>	<b>\$ 233,836</b>
Cash	\$ 8,439	\$ 12,579	\$ 23,675	\$ 27,331	\$ 29,796
Short-term investments	55,001	20,000	70,000	50,000	11,000
Operating cash <sup>4</sup>	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
<b>Excess cash<sup>3</sup></b>	<b>\$ 48,440</b>	<b>\$ 17,579</b>	<b>\$ 78,675</b>	<b>\$ 62,331</b>	<b>\$ 25,796</b>

<sup>1</sup> Non-GAAP measure.

<sup>2</sup> Tangible stockholders' equity is defined as stockholders' equity less Goodwill and Intangible assets, net.

<sup>3</sup> Excess cash is defined as the sum of Cash and Short-term investments less Operating cash<sup>1</sup>.

<sup>4</sup> Operating cash is defined as a minimum amount of available cash deemed by management to be sufficient to avoid operating disruptions due to a mismatch of cash inflows and outflows during an accounting period.

Note: Balance sheet items are as of the end of each period presented.

# PRO FORMA IMPACT OF SALE OF SPECIALTY MILLS (UNAUDITED)



	CONSUMER PRODUCTS INCLUDING SPECIALTY MILLS	SPECIALTY MILLS PRO FORMA	CONSUMER PRODUCTS EXCLUDING SPECIALTY MILLS
(Dollars in millions)	TWELVE MONTHS ENDED DECEMBER 31, 2014	TWELVE MONTHS ENDED NOVEMBER 30, 2014	PRO FORMA
Net sales	\$1,183.4	\$217.7	\$965.7
Adjusted operating income <sup>1</sup>	\$54.8	\$8.8	\$46.0
Depreciation and amortization expense	\$61.5	\$9.6	\$51.9
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$116.3</b>	<b>\$18.4</b>	<b>\$97.9</b>

<sup>1</sup> Non-GAAP measure – See definition and reconciliation to most comparable GAAP measure

# Q2'15 OUTLOOK<sup>1</sup>

## RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)



(Dollars in thousands)	OUTLOOK	
	THREE MONTHS ENDING JUNE 30, 2015	
	RANGE OF ESTIMATE	
	FROM	TO
Earnings before interest, income taxes, and depreciation & amortization (EBITDA) <sup>2</sup>		
GAAP net earnings	\$8,000	\$11,000
Interest expense, net	\$8,000	\$8,000
Income tax provision	\$4,000	\$6,000
Depreciation and amortization expense	\$21,000	\$22,000
<b>EBITDA<sup>2</sup></b>	<b>\$41,000</b>	<b>\$47,000</b>
Directors' equity-based compensation expense	\$700	\$700
Costs associated with Long Island facility closure	\$300	\$300
<b>Adjusted EBITDA<sup>3</sup></b>	<b>\$42,000</b>	<b>\$48,000</b>

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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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