



Clearwater Paper Corporation

One-Year Anniversary Business Overview

January 2010

Key Company Highlights

- **Leading Producer in Attractive Niche Segments**
- **Positions Company for Stability and Growth**
 - #1 producer in higher-margin, at-home private label grocery tissue
 - High-quality, premium products
 - Long-standing customer relationships
- **Conservative Financial Profile**
 - Low leverage
 - Strong liquidity
- **Seasoned Management Team to Execute Growth Strategies**

Nationwide
6 facilities at 5 locations
2400 Employees



Lewiston Stats and Facts Employment

- 1608 employees (Similar to 2008)
 - 564 Consumer Products Division
 - 699 Pulp + Paperboard Division
 - 302 Wood Products
 - 43 General Administration
- **\$95.8 million – payroll** (Similar to 2008)

Lewiston Stats and Facts

Local Spending

- **\$71.5 million** – regional vendor payments (Idaho, SE Washington) (Similar to 2008)
- **\$35.4 million** – Lewis-Clark Valley vendor payments alone (Similar to 2008)

Lewiston Stats and Facts

Tax Payments

- **\$2.9 million** – Idaho personal property and real tax payments (est. 2009)
- **\$1.2-\$1.5 million** per year on average – Idaho corporate income tax (Similar to 2008)
- **\$1,083,000** – Idaho sales tax (est. 2009) Which means Clearwater Paper contributes more that \$1 billion in sales to Idaho GDP.

Products and Manufacturing Divisions

- Three product lines
- One biomass power plant

Lewiston Consumer Products Division

- Produces quality private label tissue products for major grocery chains.
- Capacities:
 - Tissue: 183,000 tons
 - Tissue Converting: 100,000 tons



Lewiston Pulp + Paperboard Division

- **Manufactures paperboard used in the production of folding cartons, commercial print paperboard, carded packaging and cupstock. The mill also produces market pulp primarily for overseas customers.**
- **Capacities:**
 - **Bleached Paperboard: 435,000 tons**
 - **Bleached Kraft Pulp: 545,000 tons**



Lewiston Wood Products Division

- **Mills a wide array of lumber products from various pine and fir species. In addition, produces high quality, specialty cedar products.**
- **Employees: 302**
- **Capacity: 200,000 m.bd.ft**
- **Business tied to new home starts**
- **Very challenging times in the lumber business**



63 Megawatt Green Power Generation (Biomass Facility)

- We can only run at 48 megawatts due to the local cost and availability of hog fuel (woody biomass)
- We sell 48 megawatts per year and green tags to Avista (PURPA contract)
- Generating and selling power for 30 years in Lewiston
- We source wood to run the power facility from up to a 350 mile radius
- ***Wood for chips for making paper is our #1 concern. Sourcing another power plant or pellet business in an already challenging fiber market will put further strain on BOTH our paper business and our power business.***

Positive Characteristics of Our Paper Businesses

Premier U.S. Private Label Tissue Producer



- Produced approximately 56% of U.S. private label tissue products sold in grocery stores in 2008
- Well positioned to benefit from value-oriented customers shifting to private label products
- Customers include top three national grocery chains
- **US private label tissue business had grown for 13 consecutive years**

Source: Internal Company Research

¹ Total Private Label tissue products sold in grocery stores in the United States in 2008.

Consumer Products Segment (tissue)

- Top 10 customers received 24,690,811 cases in 2008 of a total of 30 million produced.
- **Average length of customer relationships are 20 years.**

Premium Paperboard Producer



- Account for 12% of U.S. bleach paperboard capacity in 2008.
- Customers include high-end packaging business
- Stable demand for products for past 13 years--not as violently cyclical as some paper commodities

Source: Internal Company Research

¹ Total Private Label tissue products sold in grocery stores in the United States in 2008.

Pulp and Paperboard Segment

- Hundreds of customers around the globe with varying amounts of deliveries.
- Average length of customer relationships are 26 years.

Strong Growth Opportunities

Consumer Products



- **Pursue growth opportunities in premium private label**
 - Penetrate new grocery accounts in the Midwest
 - Increase manufacturing capacity by adding a napkin line and a facial line to the Illinois facility
 - Continue evaluating development of converting facilities on the East Coast
- **Opportunistically acquire cost-efficient assets to expand geographic footprint**

Pulp & Paperboard



- **Focus on productivity**
 - Improve mix of high margin products via increased annual production of value-added commercial print paperboard
 - Increase profitability and lower costs

Financial Information

\$1.26 Billion in sales in 2008

2009 Net Earnings

Q1 -- \$13.6 million*

Q2 -- \$17.9 million*

Q3 -- \$16.5 million*

* Excluding Federal Alternative Mixture Fuel Tax Credits

Conservative Capital Structure and Significant Liquidity



- Cash and Short-term investments -- \$149.4 million*
- Total debt -- \$148.2 million*
- Total liquidity -- \$253.3 million*

* As of September 30, 2009.

Thank you.

Questions?



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