



Clearwater Paper Corporation

Two-Year Anniversary Business Overview

JEORAC--January 2011

Key Company Highlights

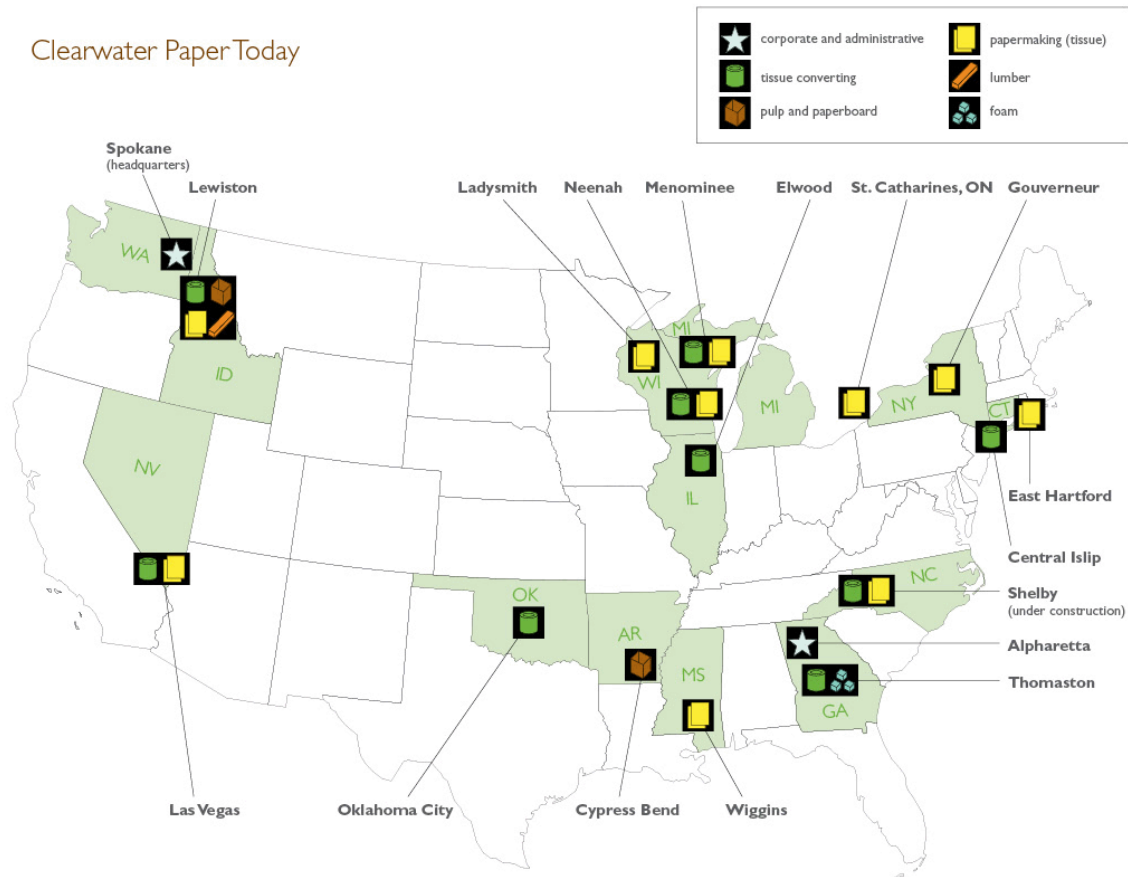
- **Leading Producer in Attractive Niche Segments**
- **Company Growth**
 - #1 producer in higher-margin, at-home private label grocery tissue
 - High-quality, premium products
 - Long-standing customer relationships
- **Conservative Financial Profile**
 - Appropriately leveraged
- **Seasoned Management Team to Execute Growth Strategies**

2010 Growth

- **Broke ground on a \$260-\$280 million tissue and converting plant in Shelby, North Carolina.**
- **Acquired Cellu Tissue for \$530 million. Gone from having 7 manufacturing operations to 17. Now in 12 states plus Ontario with a truly national manufacturing and sales footprint**

17 facilities, 14 locations, 12 states + Ontario 3700 Employees

Clearwater Paper Today



Lewiston Stats and Facts

Employment

1600 employees (no change year to year)

- 568 Consumer Products Division
- 716 Pulp + Paperboard Division
- 297 Wood Products
- 37 General Administration

\$96 million – payroll (increase from last year)

Lewiston Stats and Facts

2010 Local Spending

- **LC Valley** (alone) = \$44,074,320 (up from last year)
- **SE Wash** (w/o Clarkston) = \$57,501, 260 (up from last year)
- **Idaho** (w/o Lewiston) = \$101,758,451 (up from last year)

**Grand total of regional vendor payments
generated from the Lewiston mill = \$203 million**

Lewiston Stats and Facts

Tax Payments

- **\$4.1 million** – Idaho personal property and real tax payments (est. 2010 and up from 2009)
- **\$1.2-\$1.5 million** per year on average – Idaho corporate income tax (similar to 2009)
- **\$1.6 million** – Idaho sales tax (est. 2010) Which means Clearwater Paper contributes more that \$1 billion in sales to Idaho GDP.

Products and Manufacturing in Lewiston

- Three product lines
- Biomass power generation

Lewiston Consumer Products Division

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



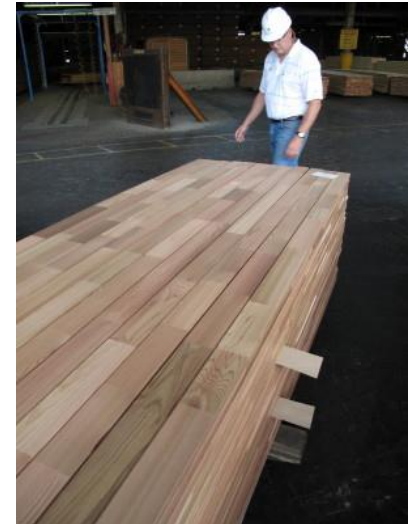
Lewiston Pulp + Paperboard Division

- **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

- Mills a wide array of lumber products from various fir species. In addition, we produce high quality, cedar and specialty cedar products.
- Employees: 297
- Capacity: 200,000 m.bd.ft
- **Business success tied to new home starts**
- **Lumber business is still tough**
- **Bi-product chip and biomass fuel production have bolstered sawmill performance**



63 Megawatt Green Power Generation (Biomass Facility)

- **Generating and selling power for more than 30 years in Lewiston**
- **We sell 50 megawatts per year and green credits to Avista (PURPA contact)**
- **We could produce more green power if we could find cheaper, more reliable supplies of woody biomass and more market pricing for electricity sales.**
- **What is in the available wood stream - is what is currently in the wood stream. There are no surpluses.**

63 Megawatt Green Power Generation (Biomass Facility)

- We source wood to run the power facility from hundreds of miles away from Lewiston
- Reliable waste wood/woody biomass is a challenge, but our major concern is that subsidizing woody biomass may result in burning paper-grade wood chips for energy
- ***Affordable wood for chips for making paper remains our #1 concern. Sourcing another power plant or pellet business in an ever-challenging regional fiber market will put strain on BOTH our paper business and our power business.***

Positive Characteristics of Our Businesses



Premier U.S. Private Label Tissue Producer



- Produced approximately 56% of U.S. private label tissue products sold in grocery stores in 2010.
- Continue to benefit from value-oriented customers shifting to private label products
- Customers include top three national grocery chains
- US private label tissue business has grown for 14 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)

- Approximately 26.5 million of the annual 30 million cases produced go to our top10 customers
- Average length of customer relationships are 20 years.
- New Shelby plant will add another 10 million cases
- Cellu Tissue acquisition will add cases, parent rolls, various synergies and new channel businesses

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 14 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.

Long-Standing Customer Relationships

Pulp and Paperboard Segment

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

Continued Growth Opportunities

Consumer Products



- **Capitalize on growth opportunities in private label**
 - Penetrate new grocery accounts in the Midwest
 - New plant in Southeast services Eastern Seaboard
 - Acquisition of Cellu Tissue to form national manufacturing footprint and add new product channels

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

Approximately \$800 million invested in 2010

What does this mean for Lewiston?

- First of all—The two growth opportunities were in the South and East Coast. Growing Lewiston to supply these markets was simply not an option logistically.
- All Clearwater Paper mills compete annually for a finite amount of capital to fund mill projects, and Lewiston has always competed against other locales within the company.
- The difference is that Lewiston used to compete against **six** other facilities and **now** will compete against **16** (and soon a 17).

How will Lewiston compete? COST, COST & COST

Our businesses operate on long-term horizons. Costs of fiber, labor, energy, chemicals, environmental compliance and taxes need to be predicted when calculating any investment.

- Must have stable, predictable tax policies (i.e. no surprises)
- Must have a stable and reliable source of raw materials competitively priced compared to other regions of the country. Threat of fiber supply loss makes for unpredictable investment opportunities.
- Changes in environmental policy that result in high mill cost must be planned for in a long-term approach (i.e. We know new policies will be implemented, but “heads up” time is key for proper planning)

Current Financial Information

\$1.25 Billion in sales in 2009

- Cellu Tissue acquisition expected to drive annual sales to \$1.9 billion in 2011
- Shelby, N.C., plant expected to start production and begin adding to sales figures in Q3 2011.

2010 Net Earnings

- Q1 -- \$0.5 million
- Q2 -- \$20.6 million
- Q3 -- \$15 million

Conservative Capital Structure and Significant Liquidity

- Cash and Short-term investments -- \$356.7 million*
- Total debt -- \$148.4 million*
- Total liquidity -- \$400 million*

* As of September 30, 2010. Post acquisition numbers will be release in March 2011.

Overall Shape of the Clearwater Paper two years since launch?

- Company is strong and growing
- Workforce is experienced
- Company is diversifying into some new channels through acquisition
- Committed to continued business in Idaho

Thank you.

Questions?



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