

Cellu Tissue Holdings, Inc.
Form DFAN14A
September 29, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No. ___)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only

(as permitted by Rule 14a-6 (e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

CELLU TISSUE HOLDINGS, INC.

(Name of Registrant as Specified In Its Charter)

CLEARWATER PAPER CORPORATION

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

Edgar Filing: Cellu Tissue Holdings, Inc. - Form DFAN14A

- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

 - 4) Proposed maximum aggregate value of transaction:

 - 5) Total fee paid
- .. Fee paid previously with preliminary materials.
- .. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- 1) Amount Previously Paid:

 - 2) Form, Schedule or Registration Statement No.:

 - 3) Filing Party:

 - 4) Date Filed:

Clearwater Paper Corporation
Oppenheimer
5
th
Annual
Industrials
Conference
September 29, 2010

1

Forward-Looking Statements

This presentation 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 the proposed merger involving Clearwater Paper and Cellu Tissue and the transactions related thereto (the merger), expected accretion to earnings, the estimated amount of annual synergies resulting from the merger, expected annual revenues of Clearwater Paper and Cellu Tissue as a combined company following the merger, the benefits of the merger to Clearwater Paper stockholders, opportunities for growth with existing customers and new customers in new channels, tissue production facilities and the expected timing of closing. Words such as anticipate,

expect,
intend,
plan,
target,
project,
believe,
schedule,
estimate,
may,

and similar expressions are intended to identify such forward-looking statements. 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 risk factors described in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2009, as well as the following:

the closing of the merger may be delayed or may not occur

difficulties with the integration process or the realization of the benefits expected from the merger

Clearwater Paper's ability to obtain debt financing to fund the acquisition of Cellu Tissue

general economic conditions in the regions and industries in which Clearwater Paper and Cellu Tissue operate

changes in the cost and availability of wood fiber used in the production of the companies products

litigation or regulatory matters involving antitrust or other matters that could affect the closing of the transaction

Forward-looking statements contained in this presentation represent 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.

2

ADDITIONAL INFORMATION AND WHERE TO FIND IT

Cellu Tissue intends to file with the SEC a preliminary proxy statement and a definitive proxy statement and other relevant material in connection the merger. The definitive proxy statement will be sent or given to the stockholders of

Cellu Tissue. Before making any voting or investment decision with respect to the merger, investors and stockholders of Cellu Tissue are urged to read the proxy statement and the other relevant material when they become available because they will contain important information about the merger. The proxy statement and other relevant materials (when they become available), and any other documents filed by Cellu Tissue with the SEC, may be obtained free of charge at the SEC's website at www.sec.gov, at Cellu Tissue's Investor Relations website at cellutissue.com/investor (click "SEC filings") or from Cellu Tissue by contacting Investor Relations by mail at 1855 Lockeway Drive, Suite 501,

Alpharetta, Georgia 30004, Attention: Investor Relations, or by telephone at (707) 407-2164.

PARTICIPANTS IN THE SOLICITATION

Clearwater Paper and Cellu Tissue and their respective directors and executive officers may be deemed to be

participants in the solicitation of proxies from Cellu Tissue stockholders in connection with the merger. Information about Clearwater Paper's directors and executive officers is set forth in Clearwater Paper's proxy statement on Schedule 14A filed with the SEC on March 29, 2010 and its Annual

Report on Form 10-K for the year ended

December 31, 2009 filed with the SEC on February 26, 2010. Information about Cellu Tissue's directors and executive officers is set forth in its proxy statement on Schedule 14A filed with the SEC on June 25, 2010. Additional information regarding the interests of participants in the solicitation of proxies in connection the merger will be included in the proxy statement that Cellu Tissue intends to file with the SEC.

3
Company Overview

4
Clearwater Paper Overview
Leading manufacturer of private-label consumer tissue and fully-bleached SBS paperboard, with
\$1.3
billion
in
net
sales
and
\$165.3
million

of
Adjusted
EBITDA
1
for
the
last twelve
months
(LTM)
ending June 30, 2010
Segment
Net
Sales
2
Segment
Adjusted
EBITDA
1
Segment
Adjusted
EBITDA
Margin
%
1,3
1 See
Appendix
A:
Financial
Detail
for
the
definitions
of
Adjusted
EBITDA
and
Segment
Adjusted
EBITDA
as
well
as
the
reconciliation
to
the
most
comparable
GAAP
measures.

2 Net sales excludes intersegment net sales and transfers.

3 Segment Adjusted EBITDA margin percentage calculated by dividing Segment Adjusted EBITDA by Segment Net Sales.

%

of

LTM

Net

Sales

2

(\$ in millions)

Pulp &

Paperboard

(PPD)

\$759.3

\$62.2

3

8.2%

\$561.7

\$122.9

21.9%

Consumer

Products

(CPD)

\$445
\$452
\$504
\$554
\$562
\$731
\$751
\$696
\$759
\$672
2006

2007
2008
2009
LTM 6/30/10

\$41
\$34
\$53
\$138
\$123
\$62
\$51
\$35
\$80
\$70
9.0%
8.8%
12.5%
6.0%
13.9%

2006
2007
2008
2009
LTM 6/30/10

5
Financial Track Record
(\$ in millions)

Adjusted
EBITDA
2,3
Net Sales

1
1 Net sales excludes intersegment net sales and transfers.

2 See
Appendix
A:
Financial
Detail
for
the
definition
of
Adjusted
EBITDA
as
well
as
the
reconciliation
to

the
most
comparable
GAAP
measure.

3 Clearwater Paper's total Adjusted EBITDA includes corporate and eliminations.

4 Adjusted EBITDA margin percentage calculated by dividing Adjusted EBITDA by Net Sales.

\$1,117

\$1,183

\$1,255

\$1,250

\$101

\$104

\$75

4 Yr Average: \$1,201mm

\$174

CPD

PPD

Margin

4

4 Yr Average: \$114mm

\$1,321

\$165

6

Consumer Products Segment Overview

Committed to maintaining high-quality products that match the quality of leading national brands

Only U.S. consumer tissue producer that manufactures solely private label tissue
High-Quality, Premium Products (\$ in millions)
Segment EBITDA

1

Net Sales

% Growth:

-

1.6%

11.6%

9.8%

-

\$445

\$452

\$504

\$554

\$562

\$0

\$100

\$200

\$300

\$400

\$500

\$600

2006

2007

2008

2009

LTM 6/30/10

1 See

Appendix

A:

Financial

Detail

for the definition of Segment EBITDA as well as the reconciliation to the most comparable GAAP measure.

2 Segment EBITDA margin percentage calculated by dividing Segment EBITDA by Segment Net Sales.

% Margin:

2

9.3%

7.5%

10.5%

24.9%

21.9%

\$41

\$34

\$53

\$138

\$123

\$0

\$25

\$50

\$75

\$100

\$125

\$150

2006

2007

2008

2009

LTM 6/30/10

7

Attractive Industry Characteristics -Tissue

30.5%

30.9%

17.8%

13.0%

14.4%

20.2%

Facial tissue

Bath tissue

Paper towels

2002

2009

Private label tissue market share continues to grow in key products

2

Attractive and stable segment of the paper market

1

Source: RISI and IRI.

1 Based on converted short tons.

2 Represents market share as a % of sales.

8
Premier U.S. Private Label Tissue Producer

Produced
approximately
56%
of
private
label
tissue
products

sold
in
grocery
stores in the U.S. in 2009

Well-positioned to benefit from value-oriented customers shifting to private
label products

Customers include top three national grocery chains

1 IRI Consumer Panel Projections, Consumer Insights Builder.

2 IRI Infoscan, U.S. grocery case sales.

Grocery

Stores

45%

Non-

Grocery

55%

Branded

73%

Private

Label

27%

Other

44%

U.S. Tissue

Market

2009 U.S. At-Home

Tissue Market

1

2009 Grocery Store

Product Mix

2

2009 U.S. Private Label

Grocery Tissue Supplier

2

Clearwater

Paper

56%

Away-

from

Home

33%

At Home

67%

Consumer Products Shelby, NC Expansion

Building a 70,000 ton TAD paper machine facility and tissue converting lines capable of producing ultra grades of private label tissue products

Expanding Clearwater Paper's geographic reach

Projected returns for this project are approximately twice Clearwater Paper's cost of capital

The total cost for the new facilities is expected to be approximately \$260-\$280 million

The first two converting lines are expected to begin production during the second half of 2011

The paper machine is expected to begin production in the second half of 2012

9

10

Pulp and Paperboard Segment Overview

Focus on high-end paperboard products,
such as pharmaceuticals and cosmetics
packaging

Superior print surfaces and cleanliness for
discriminating domestic and international
markets

Valued industry consulting

Effective logistics to meet just-in-time
customer needs

High-Quality, Premium Products (\$ in millions)

Segment Adjusted EBITDA

1,2

Net Sales

1

1 Includes Wood Products segment.

2 See

Appendix

A:

Financial

Detail

for the definition of Segment Adjusted EBITDA as well as the reconciliation to the most comparable GAAP measure.

3 Segment Adjusted EBITDA margin percentage calculated by dividing Segment Adjusted EBITDA by segment net sales.

% Margin:

3

10.5%

10.9%

4.7%

7.3%

8.2%

\$70

\$80

\$35

\$51

\$62

\$0

\$25

\$50

\$75

\$100

2006

2007

2008

2009

LTM 6/30/10

% Growth:

-

8.9%

2.6%

(7.3%)

-

\$672

\$731

\$751

\$696

\$759

\$0
\$250
\$500
\$750
\$1,000
2006
2007
2008
2009
LTM 6/30/10

11
Attractive Industry Characteristics
Paperboard
71%
85%
0%
20%
40%
60%
80%
100%

1998

2009

Source: RISI.

1 Top 5 manufacturers in 1998 were International Paper, Westvaco, Temple-Inland, Georgia-Pacific and Potlatch; Top 5 manufacturers in 2009 were Georgia-Pacific, Clearwater Paper and Evergreen Packaging.

2 Based on tons produced.

3 Average price per short ton of 16 pt. SBS folding carton C1S.

2009 North American Bleached

Paperboard (SBS) Production

Pulp and Paperboard

Capacity

Top 5 Manufacturers

Stable demand for U.S. paperboard products

Georgia Pacific, 12%

Clearwater Paper, 12%

Evergreen Packaging,

12%

Rock-Tenn, 5%

Tembec Paperboard,

3%

Weyerhaeuser, 5%

MeadWestvaco, 24%

International Paper,

25%

Smurfit Stone, 2%

1

12

Strategically Positioned Pulp & Paperboard Facilities

Facilities positioned to provide broad geographic reach and cost-efficient transportation points

Idaho Mill

Reduced transportation costs to Asia versus East Coast competitors

One of two bleached
paperboard mills in
Western U.S.

418,000 tons of bleached
paperboard produced
in 2009

Arkansas Mill

Central location reduces freight
costs to Midwest and East Coast

Most recently built bleached
paperboard mill in North
America

317,000 tons of bleached
paperboard produced in 2009
2009 PPD Sales

North
America,
83%
Europe,
1%
Asia,
16%

13
Cellu Tissue Acquisition

14
Transaction Overview

On
September
16
th
Clearwater
Paper
announced
it

agreed
to
acquire
Cellu
Tissue
Holdings, Inc. in cash for approximately \$502 million

Price per Cellu
Tissue share is \$12.00

Approximately
\$255
million
of
Cellu
Tissue
existing
net
debt
1
to be retired or
assumed,
including
the
tendering
or
calling
of
Cellu
Tissue s
existing
Senior
Secured Notes

Concurrent with the merger agreement, Clearwater Paper entered into a
Commitment Letter relating to a \$300 million Senior Unsecured Bridge Facility

Transaction
expected
to
be
ultimately
financed
with
\$350
million
of new Senior
Unsecured Notes and approximately \$210 million of cash on hand

Transaction expected to close in the fourth quarter of 2010

Customary
closing
conditions,
including
Cellu
Tissue
shareholder
approval and Hart-
Scott-Rodino
clearance

Significant
shareholder
and
CEO
of
Cellu
Tissue
have
executed
a
voting
agreement in support of transaction

1 See
Appendix
A:
Financial
Detail
for
the
definition
of
net
debt.
Cellu

Tissue net debt as of May 27, 2010.

15

Transaction Highlights

Strengthen position as one of the leading private label tissue manufacturers

National presence as a papermaker and converter of tissue products with 14 sites throughout North America

Increased exposure to more stable tissue sector

Customer growth with existing and new customers

Immediately accretive to earnings per share before synergies

Expected annual net cost savings of \$15-\$20 million to be realized by end of 2012

Substantial
liquidity
and
conservative
leverage
profile
upon
the
closing
of
the
acquisition

Seasoned Clearwater Paper management and operational teams with experienced employees

16

Strengthening Financial Performance

1 Last twelve months ended June 30, 2010.

2 Last twelve months ended May 27, 2010.

3 Expected net run-rate cost savings of approximately \$15-\$20 million per annum by end of 2012.

4 Net sales excludes intersegment net sales and transfers.

5 See

Appendix

A:

Financial

Detail

for
the
definition
of
Adjusted
EBITDA
as
well
as
the
reconciliation
to
the
most
comparable
GAAP
measure.

6 Adjusted EBITDA margin percentage calculated by dividing Adjusted EBITDA by sales.

(\$ in Millions)

Clearwater

Paper

1

Cellu

Tissue

2

Combined

Clearwater Paper &

Cellu

Tissue

Expected Annual

Net Run-Rate

Cost Savings

3

Combined

Clearwater Paper &

Cellu

Tissue with

Expected Run-Rate

Cost Savings

LTM Net Sales

4

\$1,320.9

\$524.5

\$1,845.4

-

\$1,845.4

LTM Adj. EBITDA

5

\$165.3

\$73.7

\$239.0

\$15.0 -

\$20.0

\$254.0 -

\$259.0

Adj. EBITDA Margin %

6

12.5%

14.1%

13.0%

-

13.8% -

14.0%

Capacity ('000 TPY):

Tissue Hardroll

225

247

472

-

472

Tissue Converted

213

182

395

-

395

Cost Savings Opportunities

Freight Cost Minimization

Pulp Optimization

SG&A

Hardroll Integration

Efficiency Improvements

Scale Benefits

17

Expected \$15-\$20 Million of Annual Net Cost Savings to Be
Realized by End of 2012

Consumer
Products
59%
Pulp &
Paperboard
41%
Tissue
76%
Machine-
Glazed
22%

Foam

2%

Consumer

Products

43%

Pulp &

Paperboard

57%

18

Pro Forma Sales Mix Change

Last Twelve Months (LTM)

1

1

Includes

the

results

of

Clearwater

Paper

for

the

last

twelve

months

ended

June

30,

2010

and

includes

the

results

of

Cellu

Tissue

for

the

last

twelve

months

ended

May

27,

2010.

Net

sales

excludes

intersegment net sales and transfers.

2

Preliminary

classification

assumes

Cellu

Tissue s

total

net

sales

is

included

in

Clearwater

Paper s

Consumer

Product s

segment.

Acquisition Supports Strategy to Grow the Size and Scope of Consumer

Products Segment

Clearwater Paper

Stand Alone Sales Mix

Cellu

Tissue

Stand Alone Sales Mix

Pro Forma Sales Mix

\$1,321 Million

\$525 Million

\$1,845 Million

2

1 Clearwater Paper capacities exclude tissue facility under construction in Shelby, NC expected to have 70,000 tons of annual converting facility expected to be operational in FY 2012.

2 Excludes
Cellu
Tissue
converting
capacity
greenfield
investment
at
Oklahoma

City,
Oklahoma.

3 Excludes foam capacity.

4 MG stands for machine-glazed paper.

19

Strong Geographic Fit

Clearwater Paper

Cellu

Tissue

Complementary Geographic Asset Bases

Bleached Paperboard

765,000 tons

Tissue Hardroll

225,000 tons

Tissue Converting

213,000 tons

Pulp

845,000 tons

Sawmill

205,000 mbf

Clearwater Paper Capacities¹

Clearwater Paper Pulp

Clearwater Paper Sawmill

Clearwater Paper SBS

Cellu

Tissue Tissue/MG Hardroll

4

Clearwater Paper Tissue Converting

Clearwater Paper Tissue Hardroll

Cellu

Tissue Headquarters

Cellu

Tissue

Tissue/MG

Converting

4

Clearwater Paper Headquarters

Spokane, WA

Corporate Headquarters

Lewiston, ID

Converting Capacity:

102,000 tons

Lewiston, ID (Sawmill)

Capacity: 205,000 mbf

Lewiston, ID (Pulp)

Capacity: 540,000 tons

Lewiston, ID (SBS)

Capacity:

435,000 tons

Lewiston, ID (Tissue)

Capacity: 189,000 tons
Las Vegas, NV (TAD)
Capacity: 36,000 tons
Las Vegas, NV
Converting Capacity:
50,000 tons
Cypress Bend, AR (Pulp)
Capacity: 305,000 tons
Cypress Bend, AR (SBS)
Capacity: 330,000 tons
Elwood, IL
Converting Capacity:
61,000 tons
Wiggins, MS
Capacity: 54,000 tons
Neenah, WI
Capacity: 85,000 tons
Ladysmith, WI
Capacity: 55,000 tons
Oklahoma City, OK
Converting Capacity
East Hartford, CT
Capacity: 29,000 tons
Gouverneur, NY
Capacity: 32,000 tons
Alpharetta, GA
Corporate Headquarters
Thomaston, GA
Converting Capacity
Long Island, NY
Converting Capacity
Shelby, NC (TAD)
Announced Capacity: 70,000 tons
Converting Capacity
Neenah, WI
Converting Capacity
Menominee, MI
Capacity: 32,000 tons
St. Catharines, ON (TAD)
Capacity: 45,000 tons
Cellu
Tissue
Capacities
2,3
Tissue Hardroll
247,000 tons
Tissue Converting
182,000 tons
MG Hardroll
4

85,000 tons
MG Converting
4
13,000 tons

20
Complementary Customer Base
Consumer Products Segment
National
Grocery
Channel
Cellu Tissue
Customer
Opportunity
Add National
Grocery

Customers
Add Regional
Grocery
Customers
Add Value
Retailers
(mass, disc, dollar)
Broad
Broad
Customer
Customer
Base
Base

30%
17%
16%
7%
6%
5%
4%
2%
2%
2%
1%

1%
1%
1%
1%
1%
0%
0%
0%
4%
0.0%
5.0%
10.0%
15.0%
20.0%
25.0%
30.0%
35.0%

21
2009 North American Tissue Market by Producer
Remaining Manufacturing Base Highly Fragmented
Large Brand Manufacturers
Source: Equity research.

1 Clearwater
Paper
tissue
hardroll
capacity
combined
with
Cellu
Tissue
tissue
hardroll
capacity.

1
The Combined Company Will Be the Sixth-Largest Manufacturer in the
North American Tissue Market

22

Conservative Pro Forma Capitalization
(\$ in millions)

1

As of June 30, 2010, Clearwater Paper is eligible to borrow under the credit facility at LIBOR plus 2.25%. Availability under the credit facility as of June 30, 2010.

2

\$150.0 million face amount.

3

\$234.5 million face amount.

4

See Appendix A: Financial Detail

for the definitions of Adjusted EBITDA and net debt as well as the reconciliation of Adjusted EBITDA to the most comparable

5
Clearwater Paper liquidity defined as Cash & Cash equivalents plus availability under the Revolving Credit Facility, which wa
Credit Facility of \$125 million excludes \$50 million accordion feature.

Clearwater

6/30/2010

Cellu

Tissue

5/27/2010

Pro Forma

Cash and Short-Term Investments

\$333.0

\$3.2

\$ 126.5

Clearwater

Paper

Revolving

Credit

Facility

1

-

-

-

Clearwater

Paper

Senior

Unsecured

Notes

due

2016

2

148.4

-

148.4

Cellu

Tissue Revolving Credit Facility

-

8.0

-

Cellu

Tissue

Senior

Secured

Notes

due

2014

3

-

227.3

-
 Cellu
 Tissue Industrial Revenue Bonds
 -
 16.0
 16.0
 Clearwater New Senior Unsecured Notes
 -
 -
 350.0
 Total Debt
 \$148.4
 \$251.3
 \$514.4
 LTM Adjusted EBITDA
 4
 \$165.3
 \$73.7
 \$239.0
 Liquidity and Credit Statistics
 Cash and Short-Term Investments
 \$333.0
 \$126.5
 Available
 Revolver
 Amount
 1
 113.3
 113.3
 Total Liquidity
 5
 \$446.3
 \$239.8
 Total Debt / LTM Adjusted EBITDA
 4
 0.9x
 2.2x
 Net Debt / LTM Adjusted EBITDA
 4
 N/A
 1.6x

23

Appendix A: Financial Detail

24

Reconciliation of GAAP to Non-GAAP:

Clearwater Paper EBITDA and Adjusted EBITDA

1 See page 27 for definitions of EBITDA and Adjusted EBITDA.

2006

2007

2008

2009

LTM 6/30/10

Net Earnings

\$20.9

\$25.3
 \$9.7
 \$182.5
 \$114.3
 Income Tax Provision
 12.4
 14.1
 5.6
 93.2
 80.7
 Interest Expense, Net
 13.1
 13.0
 13.1
 15.5
 16.9
 Depreciation & Amortization
 54.3
 51.3
 47.0
 47.4
 47.7
 EBITDA
 \$100.6
 \$103.7
 \$75.4
 \$338.6
 \$259.6
 Debt Retirement Costs
 -
 -
 -
 6.3
 -
 Alternative Fuel Mixture Tax Credit
 --
 --
 --
 (170.6)
 (94.3)
 Adjusted EBITDA
 \$100.6
 \$103.7
 \$75.4
 \$174.2
 \$165.3
 (\$ in millions)
 1
 1

25

Reconciliation of GAAP to Non-GAAP:

Clearwater Paper Segment EBITDA and Segment Adjusted EBITDA

(\$ in millions)

2006

2007

2008

2009

LTM 6/30/10

Consumer Products

Operating Income

\$25.7
 \$17.6
 \$37.3
 \$122.1
 \$106.5
 Depreciation
 15.8
 16.3
 15.7
 16.0
 16.4
 Segment EBITDA
 \$41.5
 \$33.9
 \$53.0
 \$138.1
 \$122.9
 Pulp & Paperboard
 Operating Income
 \$32.2
 \$45.0
 \$4.4
 \$191.9
 \$127.1
 Depreciation
 38.0
 34.6
 30.8
 29.9
 29.4
 Segment EBITDA
 \$70.2
 \$79.5
 \$35.3
 \$221.8
 \$156.5
 Alternative Fuel Mixture Tax Credit
 --
 --
 --
 (170.6)
 (94.3)
 Segment Adjusted EBITDA
 \$70.2
 \$79.5
 \$35.3
 \$51.1
 \$62.2

1 See page 27 for definitions of Segment EBITDA and Segment Adjusted EBITDA.

1

1
1
1

26

Reconciliation of GAAP to Non-GAAP:

Cellu

Tissue EBITDA and Adjusted EBITDA

(\$ in millions)

2008

2009

2010

LTM 5/27/10

Net Earnings

\$3.7

\$6.6
 \$3.8
 \$0.1
 Interest Expense
 19.9
 24.7
 39.6
 40.6
 Income Tax Provision (Benefit)
 (3.9)
 (0.6)
 7.5
 2.8
 Depreciation & Amortization
 24.1
 26.5
 29.2
 29.7
 EBITDA
 \$43.8
 \$57.2
 \$80.1
 \$73.2
 Accelerated Stock-based Compensation
 --
 --
 1.1
 1.1
 Mississippi Sales Tax Audit
 --
 0.3
 --
 --
 Terminated Acquisition Costs
 2.1
 0.1
 --
 --
 Natural Dam Fire
 --
 --
 0.3
 --
 Insurance Claim for Wrapper Damage
 --
 --
 (0.5)
 (0.5)
 APF Transition and Related Costs
 --

0.9

0.4

--

Restatement

Legal / Accounting Fees

--

0.8

--

--

Mill Restructuring

0.2

--

--

--

Whistleblower Investigation

0.4

--

--

--

Adjusted EBITDA

\$46.6

\$59.3

\$81.3

\$73.7

1 See page 27 for definitions of EBITDA and Adjusted EBITDA.

1

1

27

Definitions of Non-GAAP Measures

Clearwater Paper Definitions of Non-GAAP Measures

EBITDA

is a non-GAAP measure that Clearwater Paper management uses to evaluate the cash generating capacity of Clearwater Paper. The most directly comparable GAAP measure is net earnings. EBITDA, as defined by Clearwater Paper management, is net earnings, interest expense, income taxes, and

depreciation
and
amortization.

It
should
not
be
considered
as
an
alternative
to
net
earnings
computed
under
GAAP.

Adjusted EBITDA

is a non-GAAP measure that Clearwater Paper management defines as EBITDA adjusted for nonrecurring expenses or income including debt retirement costs and alternative fuel tax credits. The most directly comparable GAAP measure is net earnings, considered as an alternative to net earnings computed under GAAP.

Segment EBITDA

is a non-GAAP measure used by Clearwater Paper management. The most directly comparable GAAP measure is segment operating income.

Segment
EBITDA,
as
defined
by
Clearwater
Paper
management,
is
segment
operating
income
adjusted
for
segment
depreciation
and
amortization.

It
should
not
be
considered
as
an

alternative
to
segment
operating
income
computed
under
GAAP.
Segment
Adjusted
EBITDA
is
a
non-GAAP
measure
that
Clearwater
Paper
management
defines
as
Segment
EBITDA
adjusted
for
nonrecurring
expenses
or
income,
including
alternative
fuel
tax
credits.
The
most
directly
comparable
GAAP
measure
is
segment
operating
income.

It
should
not be considered as an alternative to segment operating income computed under GAAP.

Net debt
is a non-GAAP measure that Clearwater Paper management defines as total debt less cash and cash equivalents.
Cellu

Tissue Definitions of Non-GAAP Measures

EBITDA

is a non-GAAP measure. Cellu

Tissue management defines EBITDA as earnings before interest expense, income taxes and depreciation and amortization.

EBITDA

is a supplemental measure of operating performance that does not represent and should not be considered as an alternative to net income or cash flow from operations, as determined under GAAP, and Cellu Tissue s calculation thereof may not be comparable

to that reported by other companies. EBITDA has limitations as an analytical tool and should not be considered in isolation, or analysis of Cellu

Tissue s results as reported under GAAP.

Adjusted
EBITDA
is
a
non-GAAP
measure.

Cellu
Tissue
management
defines

Adjusted
EBITDA

as
EBITDA
adjusted

to
reflect
the
additions
and

eliminations of specifically identified items. EBITDA is a supplemental measure of operating performance that does not repre

be
considered

as
an
alternative

to
net
income
or

cash
flow
from
operations,

as
determined

under
GAAP,
and

Cellu
Tissue s
calculation
thereof

may
not
be
comparable

to
that
reported

by
other
companies.
EBITDA
has
limitations
as
an
analytical
tool
and
should
not
be
considered
in
isolation,
or
as
substitutes
for
analysis
of
Cellu
Tissue s
results
as
reported
under
GAAP.

Segment EBITDA

is a non-GAAP measure. The most directly comparable GAAP measure is segment income (loss) from operations. Segment EBITDA is defined as segment income (loss) from operations adjusted for segment depreciation. It should not be considered as segment operating income computed under GAAP.