



KAPSTONE

PAPER AND PACKAGING CORPORATION

DELIVERING HIGH PERFORMANCE



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FORWARD LOOKING STATEMENTS

Forward-Looking Statements

The information in this presentation and statements made during this presentation may contain certain forward-looking statements within the meaning of federal securities laws. These statements reflect management's expectations regarding future events and operating performance.

Risk Factors

These forward-looking statements involve a number of risks and uncertainties. A list of the factors that could cause actual results to differ materially from those expressed in, or underlying, any forward-looking statements can be found in the Company's filings with the Securities and Exchange Commission, such as its annual and quarterly reports. The Company disclaims any obligation to revise or update such statements to reflect the occurrence of events after the date of this presentation.

Non-GAAP Financial Measures

This presentation refers to non-U.S. GAAP financial information. A reconciliation of those numbers to U.S. GAAP financial measures is available on the company's website at KapStonePaper.com under Investors.

KAPSTONE – COMPELLING INVESTMENT OPPORTUNITY

- Co-invest with two successful, veteran entrepreneurs in the paper and packaging segment – Roger Stone and Matt Kaplan
 - Unique management/shareholder alignment with Roger Stone and Matt Kaplan collectively having a ~10% beneficial ownership
 - KapStone IRR since 8/19/2005 IPO 42%¹

- Focused on containerboard, corrugated products and kraft paper
 - Industry leader – 5th largest U.S. containerboard and largest U.S. specialty kraft paper producer
 - Exposure to virgin furnish and capabilities in high performance containerboard

- Growth story with disciplined investment approach
 - Successful acquisition track record in an consolidating industry
 - Capitalizing on organic growth opportunities

- Strong financial position to support growth

¹ Annual total return on initial IPO units, including warrant exercise for cash at expiry and subsequent dividend payments, through February 13, 2015

THE BUILDING OF KAPSTONE

- Four major acquisitions since 2007
- Longview acquisition provided scale, resources and a Western footprint
 - Enhanced ability to service national and large regional customer base
 - Broader, experienced management team

IP's kraft paper business

- Purchase Price \$204 million
- 3.3 Xs TTM Adj. EBITDA

Jan 1, 2007

MWV's kraft paper business

- Purchase Price \$466 million
- 5.8 Xs TTM Adj. EBITDA

Jul 1, 2008

2009

2010

US Corrugated Inc.

- Purchase Price \$332 million
- 6.4 Xs TTM Adj. EBITDA

Oct 31, 2011

2011

Longview Fibre

- Purchase Price \$1.025 billion
- 6.1 Xs TTM Adj. EBITDA

Jul 18, 2013

KAPSTONE TODAY

Flexible paper mill system – Total capacity of 2.9 million tons



Longview, WA mill

- 1.3 million ton annual capacity (excess pulping capacity 0.3 million tons)
- Targeted furnish mix – ~70% virgin and ~30% recycled, highly flexible mill
- Linerboard, kraft paper and medium

Charleston, SC and Roanoke Rapids, NC mills

- 1.35 million ton annual combined capacity
- 100% virgin in excellent wood basket
- Linerboard, kraft paper, DuraSorb® and Kraftpak®

Cowpens, SC mill

- 0.24 million ton annual capacity
- 100% recycled
- Medium and linerboard

21 converting plants located throughout the U.S.

- 18 bsf of capacity
- Corrugated boxes and sheets

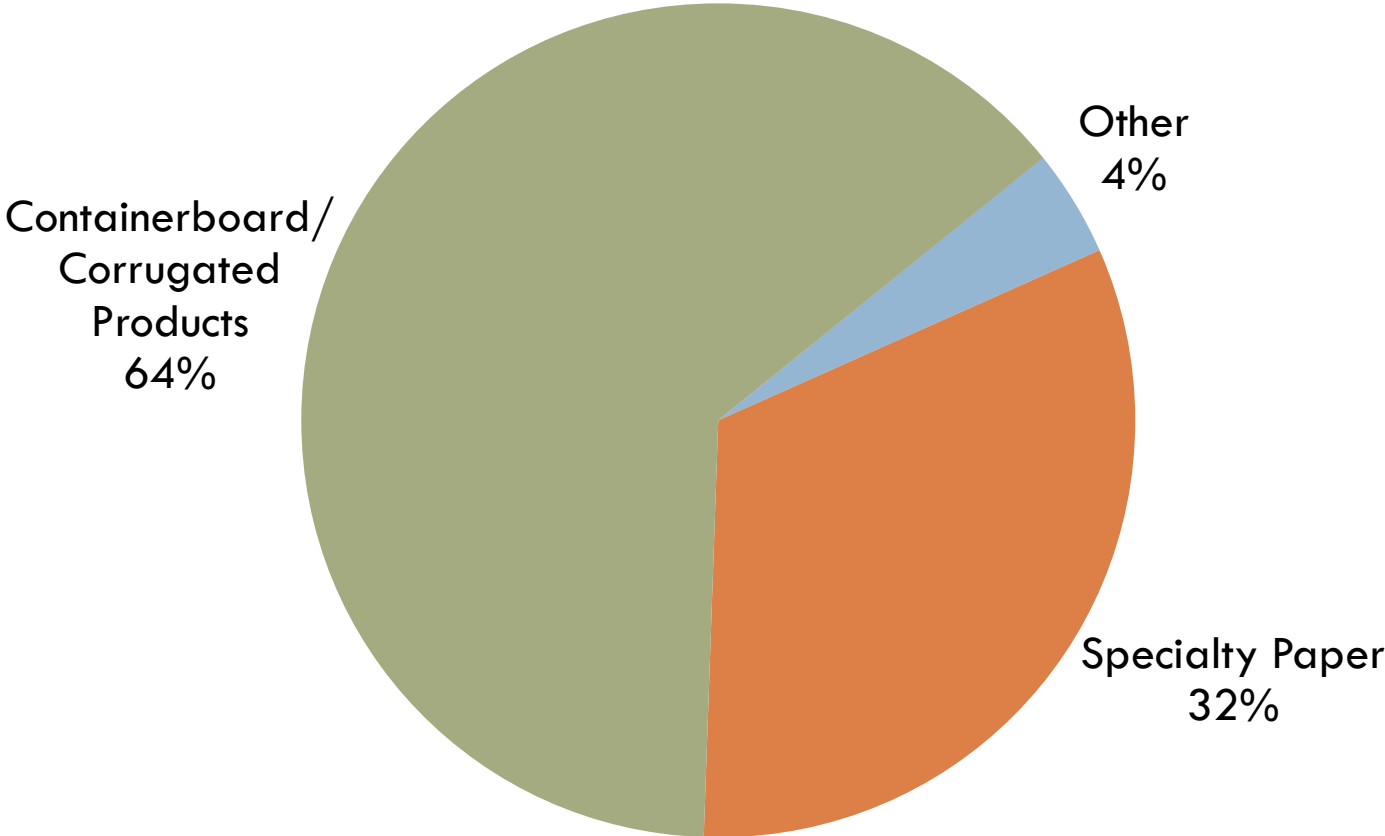


WELL POSITIONED TO MEET OUR CUSTOMERS' NEEDS



PRODUCT MIX

2014 Sales \$2.3 billion



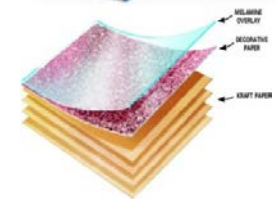
CONTAINERBOARD/CORRUGATED PRODUCTS

- Primarily virgin mill system with national footprint
 - 5th largest system by capacity in the U.S.
 - Majority of end markets are consumer non-durable end uses
- High strength/lightweight linerboard industry leader
 - Cost advantaged solution for box customer without compromising strength
 - Unique product that enhances customer demand
 - Higher cost/higher margin product
- Well invested converting system with opportunity for growth
 - ~18 bsf capacity and 12.9 bsf production in 2014



SPECIALTY PAPER

- U.S. leader in kraft papers
 - High performance multiwall and various kraft grades
 - Only US producer of extensible (high performance) grades
- DuraSorb® (Saturating Kraft) business is also a global leader
 - Used in various high pressure laminates including furniture, countertops and flooring
 - International customer base
- Kraftpak® business is a virgin fiber, unbleached, uncoated folding carton board
 - Unique consumer applications



INTERNAL INVESTMENTS AND OPTIMIZATION

Developed long-term discretionary CAPEX plan focused on fast-return projects



- Charleston PM #3 (Feb. '14) - \$29 million
 - Estimated simple payback of less than two years
 - Capable of highly efficient production of virgin high performance ultra light-weight linerboard grades
- Longview PM #10 (Apr.'14) - \$16 million
 - Estimated simple payback of two years
 - Capable of highly efficient production of virgin high performance ultra light-weight linerboard grades
- Various investments in corrugating assets in 2014
- Aurora corrugator (3Q'15) - \$10 million est.
 - Estimated simple payback of three years

Other initiatives



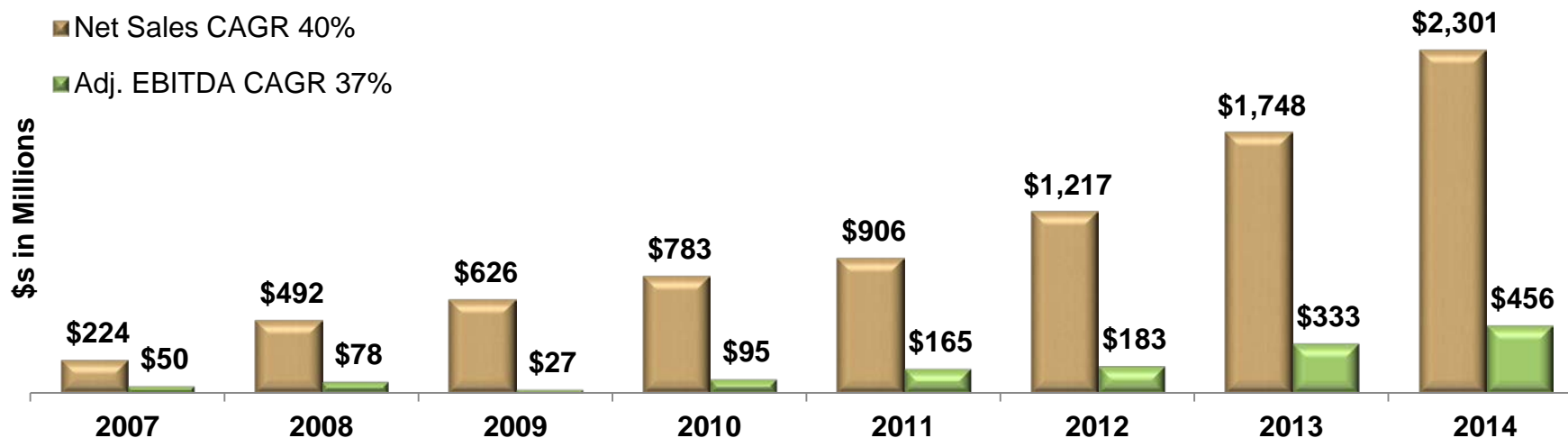
- Qualification of specialized paper grades on multiple machines
- Logistics optimization
- IT Systems integration

SOUND CONTAINERBOARD INDUSTRY CONDITIONS

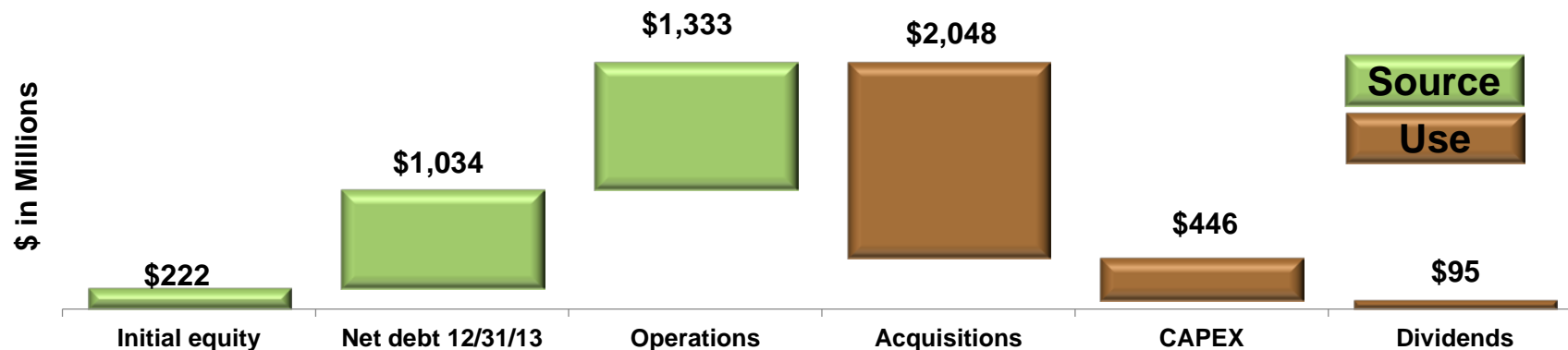
- Containerboard industry consolidation continuing
 - Smaller mill systems likely to be available in the future
 - Fragmented box plant industry structure persists
- Divestment of trees and other operating assets requires industry competitors to earn appropriate returns on containerboard capital investments
- Domestic supply and demand are roughly in balance
 - Improved full year mill operating rates 96% AF&PA with manageable inventory
 - Box demand recovery happening but still below 2007 levels
- Virgin mill assets are well positioned for the long term
 - High barriers to entry (e.g., capital permitting and fiber basket)
 - Global demand should drive OCC demand and pricing as well as need for virgin fiber
- Anticipate increased demand as worldwide economies improve
 - Stronger U.S.\$ may impact export pricing

Growth story with disciplined capital allocation

Annual Net Sales and Adjusted EBITDA¹



Capital Allocation Since Inception



¹ Please see reconciliation for Adjusted EBITDA in our public filings or on our web site. Historical numbers adjusted for dunnage bag sale in 2009

STRONG FINANCIAL POSITION TO SUPPORT GROWTH

- Strong liquidity
 - \$28 million of cash
 - \$396 million of committed and available revolving credit commitments
 - Ability to raise incremental \$300 million under existing accordion credit facility

- Low cost, flexible credit facility and securitization with \$1,062 million outstanding on December 31, 2015
 - \$ 664 million due 7/18 (no amortization until 2017)
 - \$ 231 million due 7/20 (no amortization until 2020)
 - \$ 167 million of receivables borrowings
 - Blended interest rate ~2%

- Credit agreement Debt to EBITDA ratio – 2.38x vs. covenant 4.25x (stepping down to 4.00x on 3/31/15)

- Well funded pension, 97% (per GAAP), with \$1 million in estimated contributions in 2015

- 2014 free cash flow generation \$176 million

Note: All data as of 12/31/14 and calculated according to KapStone's credit agreement

Summary of Key Assumptions for Q1 2015

- Prices – Compared to Q1 2014
 - Kraft paper price increase of \$50 per ton
 - Lower export containerboard prices
 - FX impact expected to be negative \$2 - \$3 million
- Current planned outages and major maintenance
 - \$8 million expense Q1 2015 versus \$15 million Q1 2014
 - Loss of 2,600 production tons Q1 2015 versus 14,300 tons in Q1 2014
- Inflation
 - Higher wages, compensation and benefit costs
 - Higher pension costs of \$2 million due to amortization of actuarial losses and lower estimated earnings on pension plan assets
- Q1 2014 severe winter weather impact, hopefully, does not reoccur
- West coast port issues still impacting west coast operations
- Effective income tax rate from operations of 35 percent. Cash tax rate similar to ETR
- CAPEX expected to be \$30 to 35 million

Summary of Key Assumptions for Full Year 2015

- Pricing
 - Full year benefit from 2014 \$50 per ton Kraft paper price increase
 - Lower export containerboard prices
- Volume
 - Benefits from full year of 2014 paper machine upgrades
 - More tons of containerboard are expected to be internalized within our own box plants
- Inflation
 - West coast higher fiber costs in Q1 gradually decrease later in the year partially offsetting increasing fiber costs on east coast
 - Union wage increases based on contracts
 - Higher compensation and benefit costs
 - Higher pension costs of \$5 million due to amortization of actuarial losses and lower estimated earnings on pension plan assets
- Planned maintenance outages lower by \$5 million and potential for 4,500 more tons produced
- Weighted average interest rate on term loans expected to be 1.82 percent based on current LIBOR rates
- Estimated effective income tax rate from operations of 35 percent; Cash tax rate similar to ETR
- CAPEX for 2015 expected to be approximately \$135 million

KAPSTONE'S GUIDING PRINCIPLES & RESULTS

Continue to grow our business profitably by opportunistically investing in brown paper and packaging assets

Maximize capital returns

- Optimizing operations of acquired companies
- Focusing on cash generation

Think big, act small

Results

Delivering High Performance

