



THE BEST IS YET TO COME



Andrea K. Tarbox
Vice President and Chief Financial Officer

November 2013

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 PROVIDES COMPELLING OPPORTUNITY

➤ To co-invest with two successful, veteran entrepreneurs in the paper and packaging segment

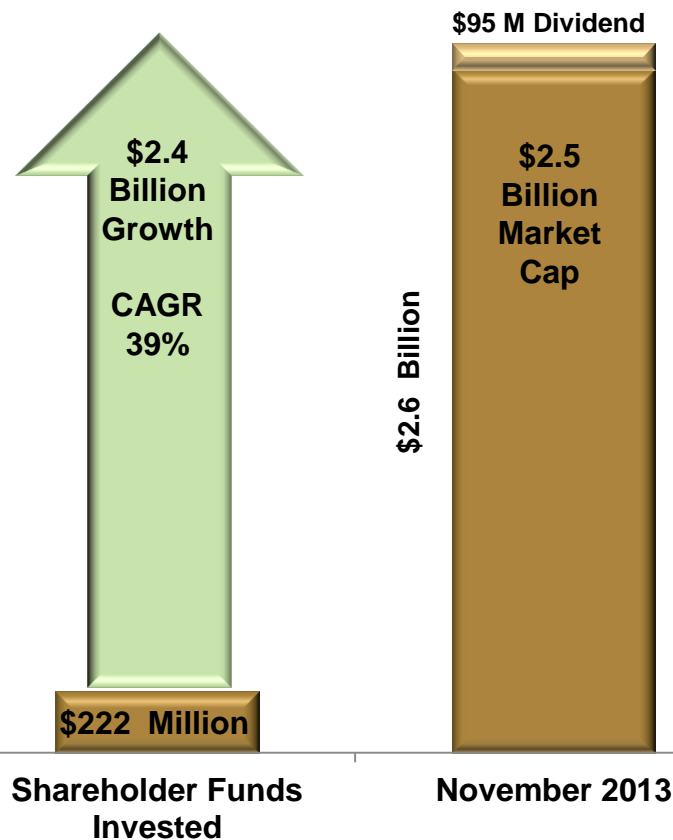
- Roger Stone and Matt Kaplan
- Collectively, largest shareholders including immediate family
- Own/control 11% of shares

➤ KapStone formed in 2005

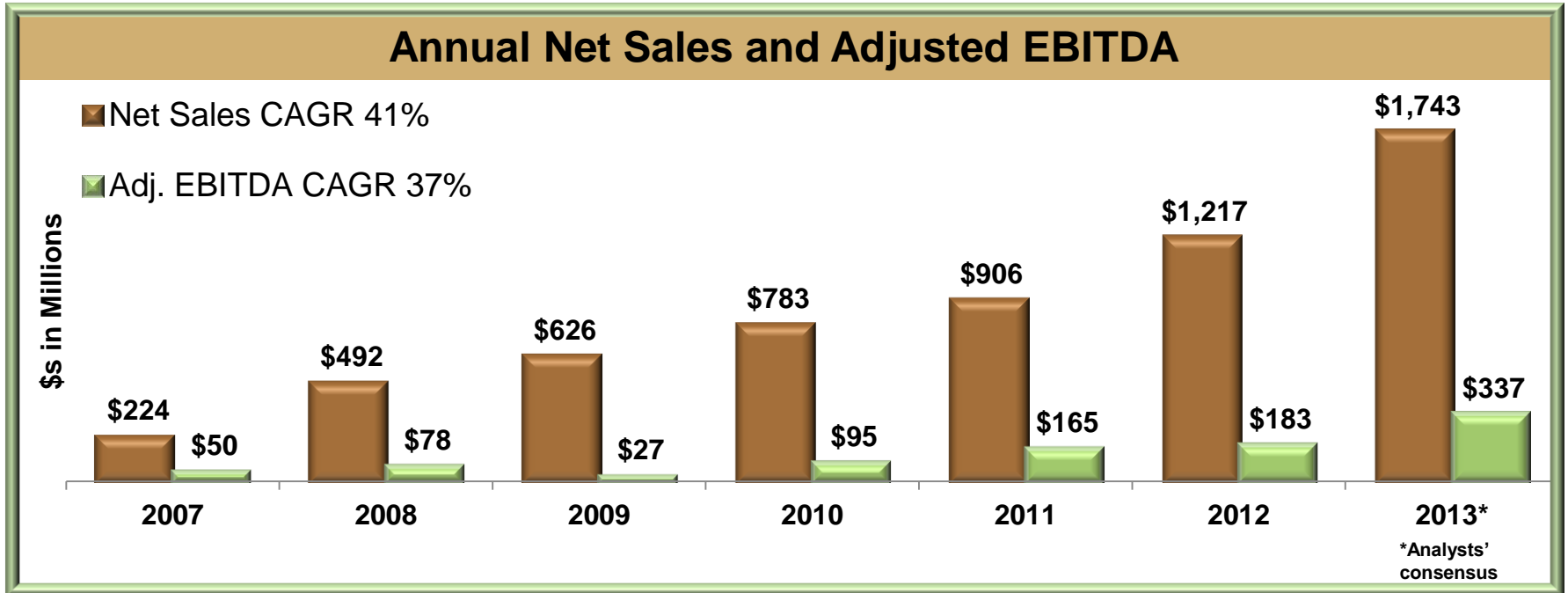
- Shareholder funds invested
 - 2005 - \$120 million from IPO
 - 2007/2009 - \$102 million from warrant exercises

➤ Dec. 2012 - \$95 million special dividend

Rapid Investment Growth



BUILDING OF KAPSTONE



IP's Kraft paper business

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

Jan 1, 2007

MWV's kraft paper business

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

Jul 1, 2008

US Corrugated Inc.

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

Oct 31, 2011

Longview Fibre

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

Jul 18, 2013

**4.7 Xs after adjusting for known CB price increases and synergies

LONGVIEW ACQUISITION

Purchase completed July 18, 2013

**Highly Accretive in
1st Partial Quarter**

**July 18 through September 30
Results (75 Days)**

Net Sales	\$ 198MM
Adj. EBITDA*	\$ 54MM
Adj. Diluted EPS**	\$ 0.47

* Adjusted to exclude acquisition and one-time costs

** Adjusted for additional interest and related financing fees in addition to items above

- **Synergy target of \$18 million in annual benefits expected to be realized by late 2015**
 - Consists primarily of various operating functions including purchasing, fiber, and freight
- **Substantial benefits from operating efficiencies and capital programs in progress will be more significant than the synergies identified**
- **Overfunded pension plan assets result in no cash funding requirements for foreseeable future**

KAPSTONE TODAY

Four paper mills – Total capacity of 2.7 million tons



- Longview mill has tremendous fiber flexibility located in excellent wood basket
- 100% virgin to 100% recycled
 - 1.15 million ton annual capacity
 - Excess pulping and recovery capacity of approximately 300,000 tons per year

Charleston, SC and Roanoke Rapids, NC mills are 100% virgin fiber based and are located in excellent wood basket

- 1.315 million ton capacity
- Linerboard, kraft paper, saturating, and Kraftpak

Cowpens, SC recycled fiber mill

- 240,000 ton capacity
- Linerboard and medium

22 converting plants located throughout the U.S.

- 18 bsf of capacity
- Corrugated boxes and sheets



WELL POSITIONED TO MEET OUR CUSTOMERS' NEEDS

☆ Headquarters

Northbrook, IL

● Full-Line Box Plants

Amsterdam, NY
Bowling Green, KY
Cedar Rapids, IA
College Park, GA
Longview, WA
Mesquite, TX
Minneapolis, MN
Oakland, CA
Seattle, WA
Spanish Fork, UT
Twin Falls, ID
Yakima, WA

● Sheet Plants

Atlanta, GA
Aurora, IL
Cedar City, UT
Grand Forks, ND
Lawrenceburg, KY
Seward, NE
Somerset, KY
Springfield, MA

● Sheet Feeders

Atlanta, GA
Fort Worth, TX

● Paper Mills

Cowpens, SC
Longview, WA
North Charleston, SC
Roanoke Rapids, NC

● Lumber Mill

Summerville, SC

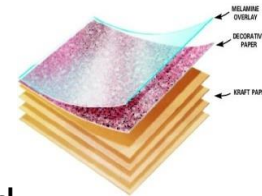
● Warehouses

Las Vegas, NV
Logan, UT



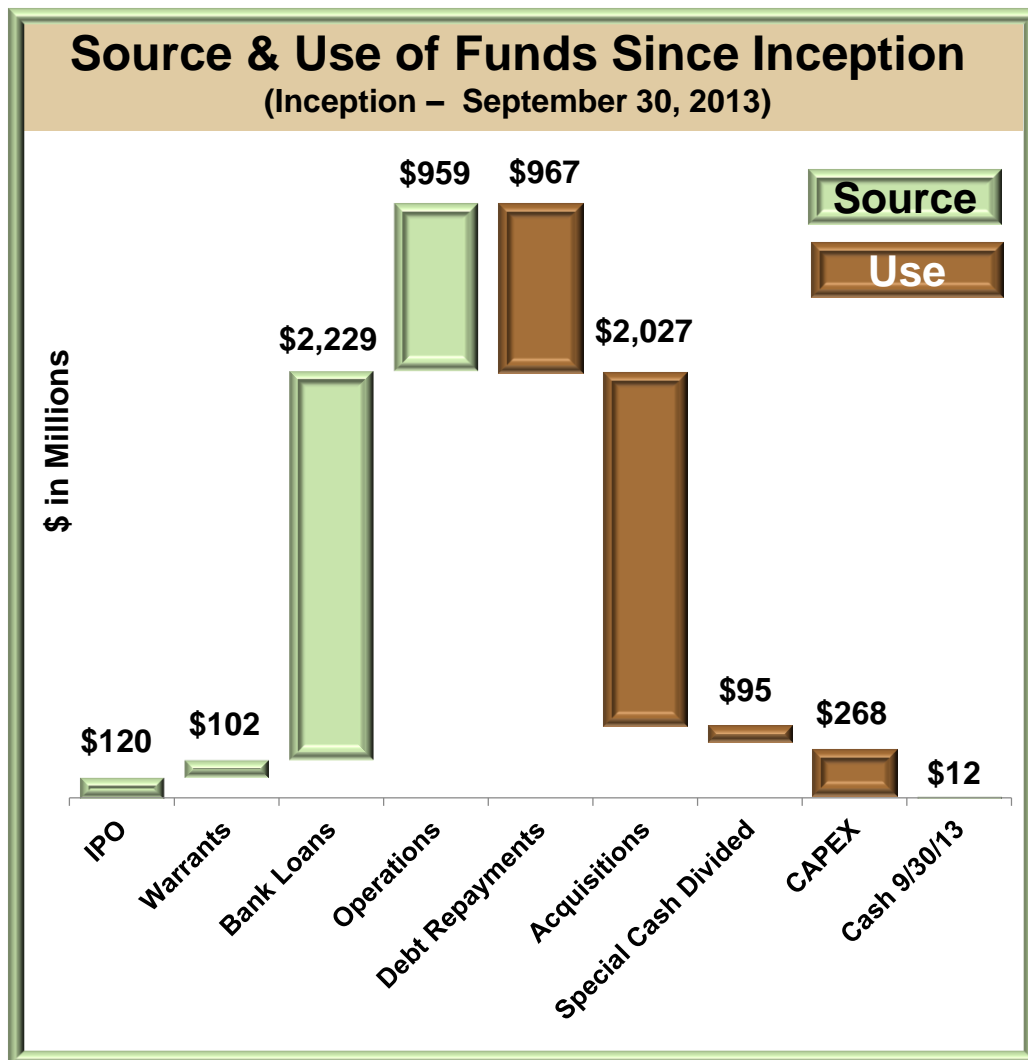
PRODUCTS

- Kraft Containerboard – Approximately 1,700,000 tons per year
 - Wide range of grades and basis weights
 - High performance light weight linerboard grades
- Kraft Papers – Approximately 600,000 tons per year
 - High performance multiwall and various kraft grades
 - Only US producer of extensible (high performance) grades
- DuraSorb® (Saturating Kraft) – Approximately 250,000 tons per year
 - Used in various high pressure laminates including furniture, countertops, and flooring
- Kraftpak® – Approximately 120,000 tons per year
 - A virgin fiber, unbleached, uncoated folding carton board
- Corrugated Packaging - Approximately 12 billion square feet (860,000 tons) per year
 - Corrugated boxes and sheets

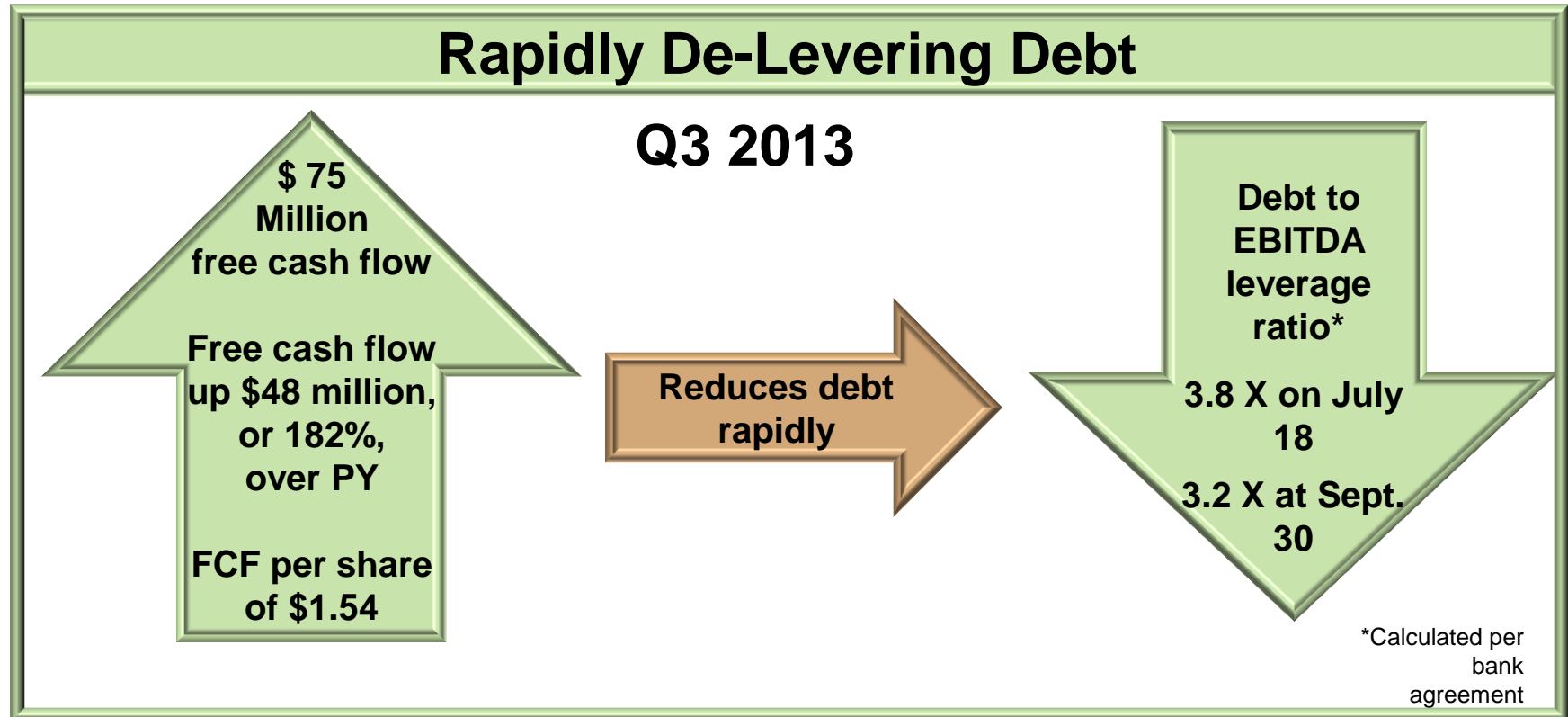


RAPIDLY GENERATING CASH

- Generated \$959 million of cash from operations since inception
 - Sufficient cash to pay off 96% of first 3 acquisitions



POWERFUL CASH FLOW GENERATOR



- Net debt at September 30, 2013 was \$1.311 billion consisting of:
 - \$ 805 million of 5 year term loan A1
 - \$ 470 million of 7 year term loan A2
 - \$ 36 million of revolver borrowings
- Blended cash interest rate was 2.6 percent at September 30, 2013
- Available revolver balance is \$359 million and \$300 million accordion

Summary of Key Assumptions for 2014

- Benefits from Longview acquisition
 - 12 months in 2014; 5.5 months in 2013
- Pricing: Domestic containerboard and corrugated price increases
 - 12 months in 2014; 7 months in 2013
- D&A expense for the 2014 year is expected to approximate \$140 million (\$35 million per quarter)
- Overall fiber costs expected to be stable
- Compensation and benefits: union wages increase 2%, salaries 3.5%, Healthcare tax \$1 million
- Current planned outages and major maintenance
 - Q1 - \$11 million expense, 10,000 loss in production tons, to be later recaptured after startup
 - Primarily due to completion of CHS PM3 equipment upgrade to increase lightweight linerboard capacity
 - Q2 - \$3 million expense, no loss in production tons
 - Q3 - \$4 million expense, no loss in production tons
 - Q4 - \$17 million expense, 12,500 loss in production tons
- Estimated tax rate from operations of 35%. Cash tax rate will begin to exceed book rate
- No cash contributions to pension funds expected for the foreseeable future due to significant collective overfunding of Longview's pension plans
- Interest rate pricing grid for term loans expected to be reduced late in Q1 by 25 bps

OPPORTUNITY IN IMPROVING SECTOR

Strong Fundamentals for New Containerboard Industry Structure

- Significant industry consolidation
- Divestment of trees
- High industry-wide operating rates
- Supply and demand are in balance resulting in manageable inventory levels
- High entry costs and onerous permitting hurdles limit new capacity
- Anticipate increased demand as worldwide economies improve

KAPSTONE'S GUIDING PRINCIPLES & RESULTS

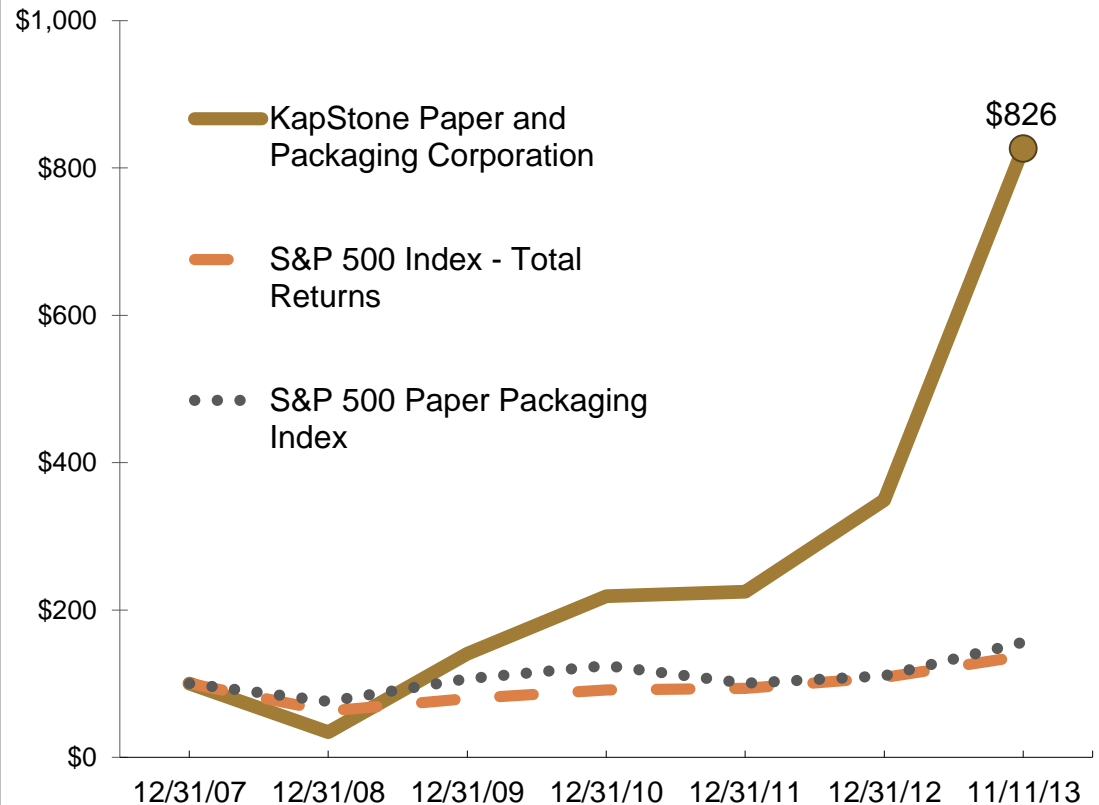
Continue to grow our business profitably by opportunistically investing in brown paper and packaging assets

Maximize capital returns

- Optimizing operations of acquired companies
- Focusing on cash generation

Results →

Comparison of 71 Month Cumulative Total Return
Assumes Initial Investment of \$100
Closing Price of \$52.52, Nov. 11, 2013



THE BEST IS YET TO COME

FOR VALUE CREATION & EARNINGS GROWTH

- Compelling industry fundamentals
 - KS well-positioned in highly desirable containerboard market
- Dynamic combination of legacy KapStone and Longview expected to produce substantial operating benefits far in excess of the \$18 million synergy benefits identified to date and to be achieved by end of 2015
- Grow revenue and profits by increasing utilization of converting facilities
- Current asset base provides good growth opportunities
- Opportunity to quickly de-lever due to strong free cash flow