



KAPSTONE

PAPER AND PACKAGING CORPORATION

DELIVERING HIGH PERFORMANCE



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November 2014

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

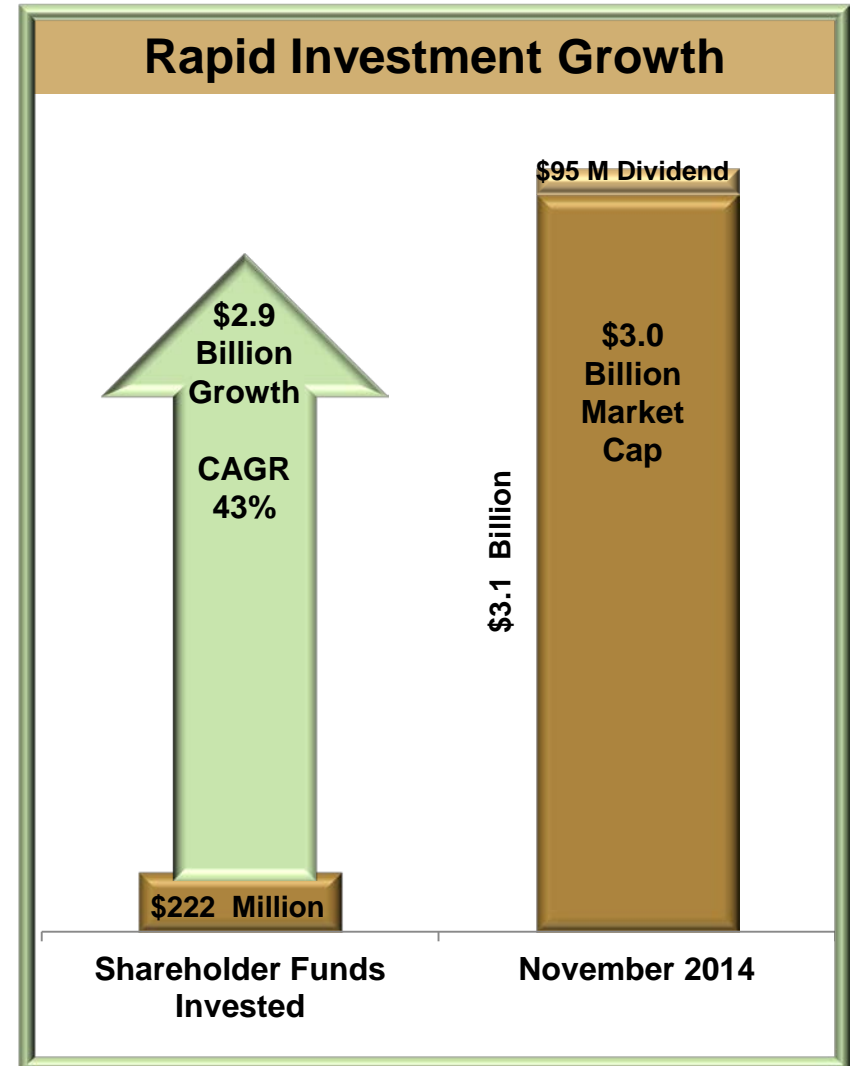
These forward-looking statements involve a number of risks and uncertainties. A list of the factors that could cause actual results to differ materially from those expressed in, or underlying, any forward-looking statements can be found in the Company's filings with the Securities and Exchange Commission, 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 10% 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
- Dec 2013 - 2 for 1 stock dividend



THE BUILDING OF KAPSTONE

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

IP's kraft paper business

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

MWV's kraft paper business

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

US Corrugated Inc.

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

Longview Fibre

- Purchase Price \$1.025 billion
- 6.1 Xs TTM Adj. EBITDA⁽¹⁾

Jan 1, 2007

Jul 1, 2008

2009

2010

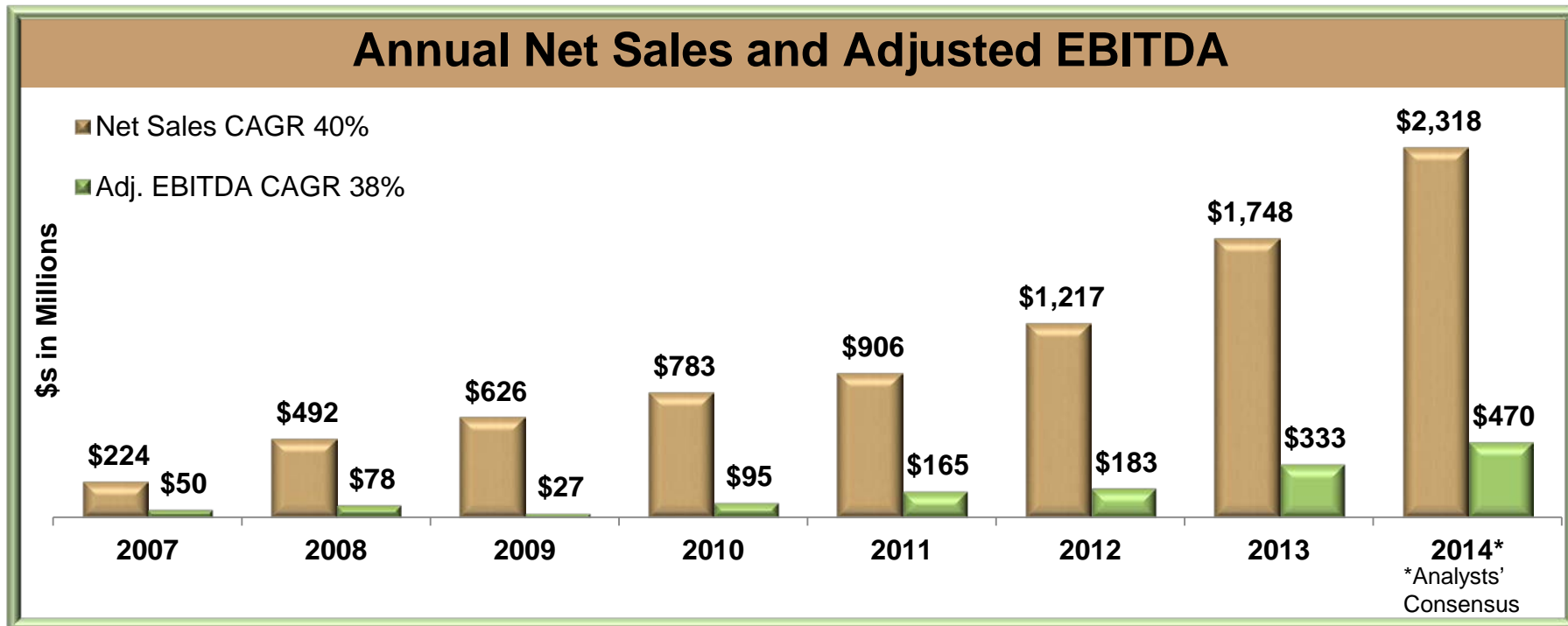
Oct 31, 2011

2011

Jul 18, 2013

(1) Longview acquisition at 4.3 Xs based upon annualized adjusted EBITDA since acquisition

EXTRAORDINARY GROWTH



- Rapid cash generation with LTM Adjusted free cash flow through September 2014 of \$183 million
- Debt to EBITDA leverage ratio is rapidly improving ⁽¹⁾
 - 3.80 times - July 18, 2013 ⁽²⁾
 - 2.40 times - September, 30 2014

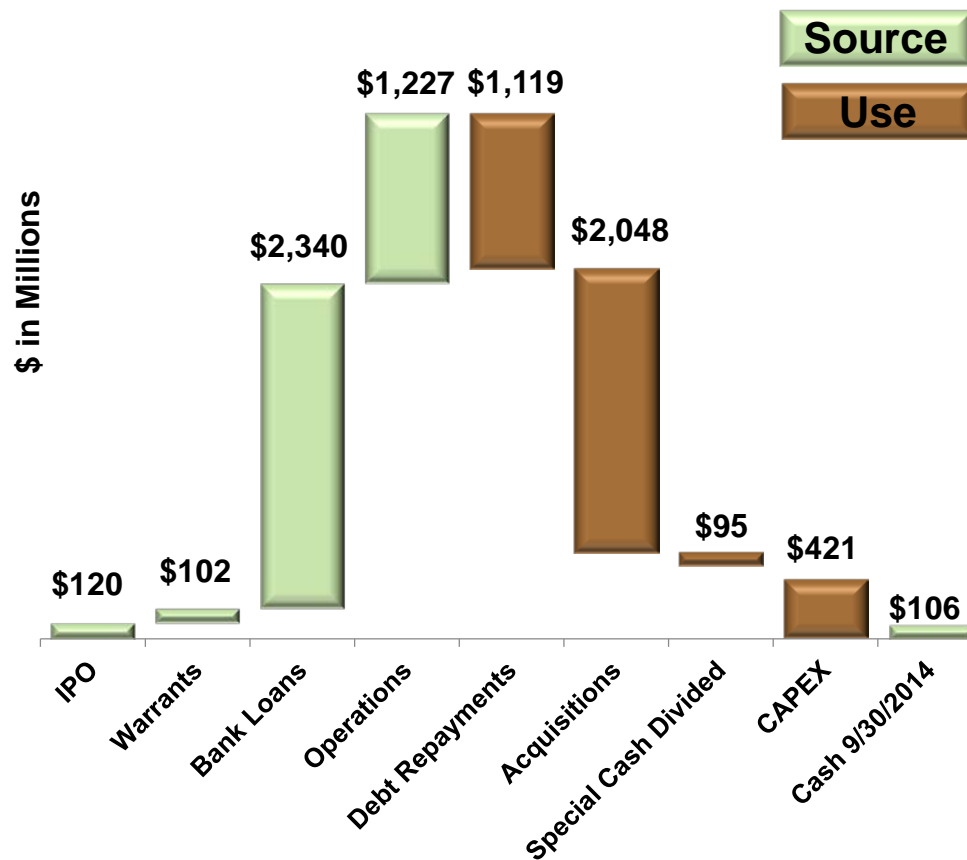
(1) Calculated per bank agreement

(2) Closing date of Longview acquisition

RAPIDLY GENERATING CASH

- Generated \$1.2 billion of cash from operations since inception
- Sufficient cash to pay off first three acquisitions
- Net debt at September 30, 2014 was \$1.12 billion including:
 - \$ 705 million of 5 year term loan A1
 - \$ 340 million of 7 year term loan A2
 - \$ 175 million of receivables borrowings
- Blended cash interest rate was 1.83 percent at September 30, 2014
- Available revolver balance was \$395 million and \$300 million accordion

Source & Use of Funds Since Inception



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
 - Linerboard, kraft paper, and medium
 - 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

21 converting plants located throughout the U.S.

- 18 bsf of capacity
- Corrugated boxes and sheets

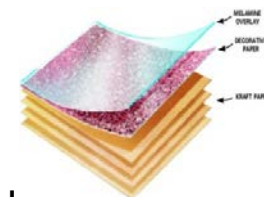


WELL POSITIONED TO MEET OUR CUSTOMERS' NEEDS



PRODUCTS

- Kraft Containerboard – Approximately 1,700,000 tons per year
 - Wide range of grades and basis weights
 - Ultra 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



TRANSITIONING FROM INTEGRATION TO OPTIMIZATION

Focused strategic plan - Significant potential to improve cost structure while making meaningful productivity gains with capital and non-capital initiatives

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



Recently Completed Projects

- Charleston PM #3 (Feb. '14) - \$29 million project
 - 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 project
 - Estimated simple payback of two years
 - Capable of highly efficient production of virgin high performance ultra light-weight linerboard grades

- Voluntary separation program at southeast mill system
 - 44 employees are expected to take advantage of the program started in Q2 2014 to be completed by year end
 - Estimated benefits up to \$6 million annually with a simple payback of 1.7 years

Implementation of non-capital project





OPPORTUNITY IN IMPROVING SECTOR

**Strong
Fundamentals
for New
Containerboard
Industry
Structure**

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

THE BEST IS YET TO COME

FOR VALUE CREATION & EARNINGS GROWTH

- Well-positioned in highly desirable containerboard market with compelling industry fundamentals
 - High proportion of virgin fiber capacity
 - Capable of producing significant quantities of ultra performance linerboard
- More than ample growth opportunities
 - Value-adding acquisitions
 - Dynamic combination of legacy KapStone and Longview expected to produce substantial operating benefits far in excess of the \$20 million synergies identified to date
- Revenue and profit growth from increasing utilization of converting facilities
- Opportunity to quickly de-lever due to strong free cash flow

KAPSTONE'S GUIDING PRINCIPLES & RESULTS

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

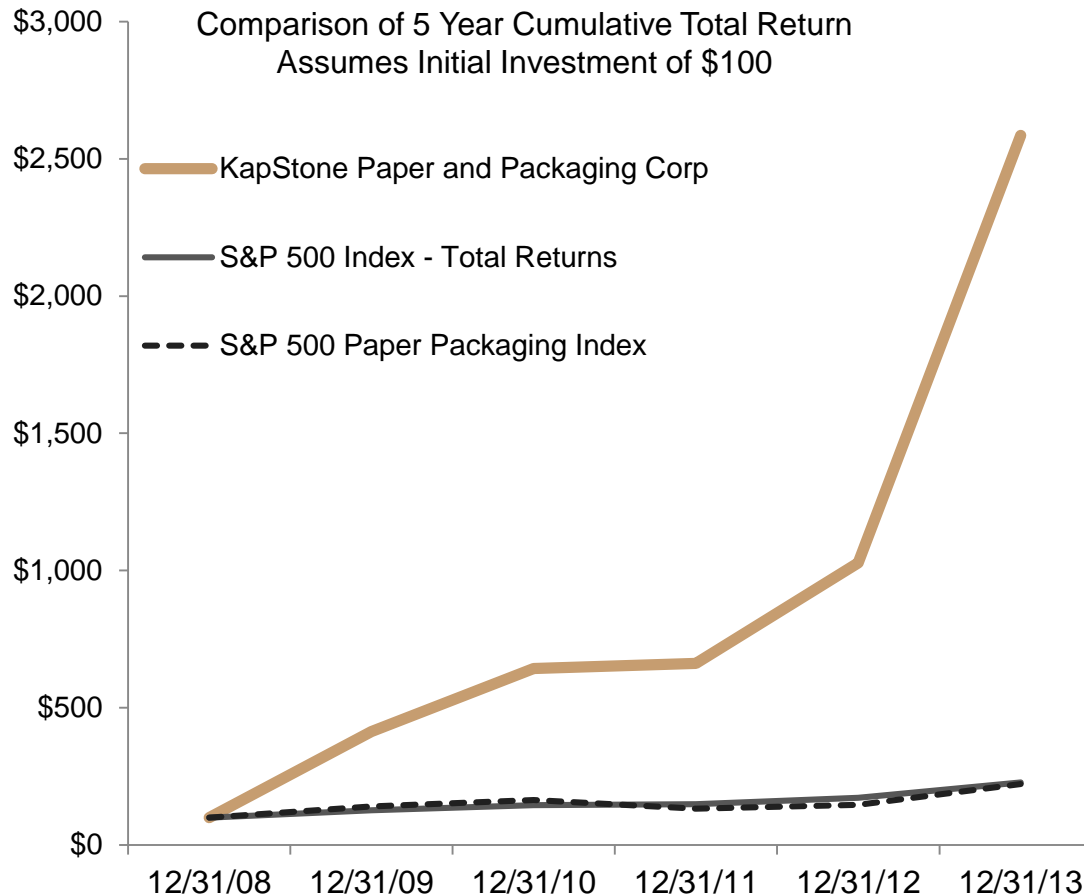
Maximize capital returns

- Optimizing operations of acquired companies
- Focusing on cash generation

Think big, act small

Results

Delivering High Performance



Summary of Key Assumptions for 2015

➤ Pricing

- Full realization of 2014 \$50 per ton kraft paper price increase (\$10 million over 2014)
- FX impact on euro based saturating kraft sales

➤ Sales volume

- Continued favorable trend for corrugated products
- Lower third party containerboard shipments to meet internal demand

➤ Outages – Similar in total to 2014 (2015 includes CH1 and LV 11 upgrades)

➤ Inflation

- Increased fiber and labor costs
- Depreciation up due to 2014 capital investments
- Lower energy costs

➤ Productivity

- Full year benefit from 2014 machine upgrades (CH3 and LV10)
- Voluntary separation plan about \$3 million
- Longview acquisition synergies

➤ Interest on debt - Full year of savings from receivables securitization and leverage ratio improvement

➤ Income taxes – Book and cash tax rates will approximate 35 percent