



From Integration to Optimization

Roger W. Stone, **KapStone Chairman and Chief Executive Officer**

Matt Kaplan, **KapStone President**

Andrea Tarbox, **Chief Financial Officer**

Tim Keneally, **President, Container Division**

Tonie Meyers, **Vice President, Sales and Marketing**

Randy Nebel, **President, Mill Division**

May 28, 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

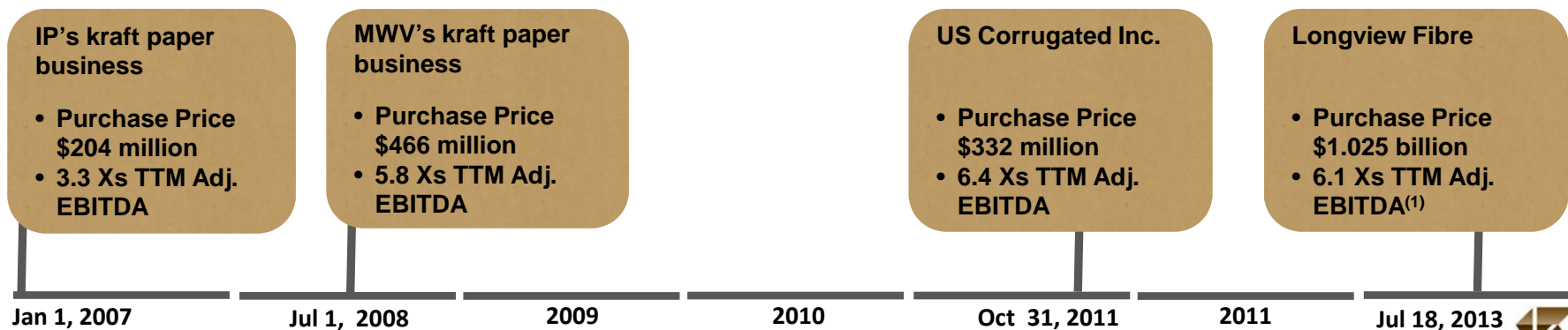
These forward-looking statements involve a number of risks and uncertainties. A list of the factors that could cause actual results to differ materially from those expressed in, or underlying, any forward-looking statements can be found in the Company's filings with the Securities and Exchange Commission,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

The Building of KapStone

- **Four acquisitions in seven years**
 - 40% investment CAGR since first acquisition; \$2.4 billion growth from initial \$0.2 billion investment
- **Successfully completed key aspects of recent integration efforts**
 - While some additional work remains, much of the heavy lifting on integration is complete; we are tracking nicely to our anticipated synergy targets which have expanded from our original estimate
- **Longview acquisition provided scale, resources and a national footprint**
 - With our enhanced ability to service national and large regional customer base, combined with a broader, experienced management team and workforce, we are well positioned for the future
- **Moving into an era of enterprise optimization**
 - There is significant potential to improve our cost structure while making meaningful productivity gains through noncapital initiatives and a focused strategic plan



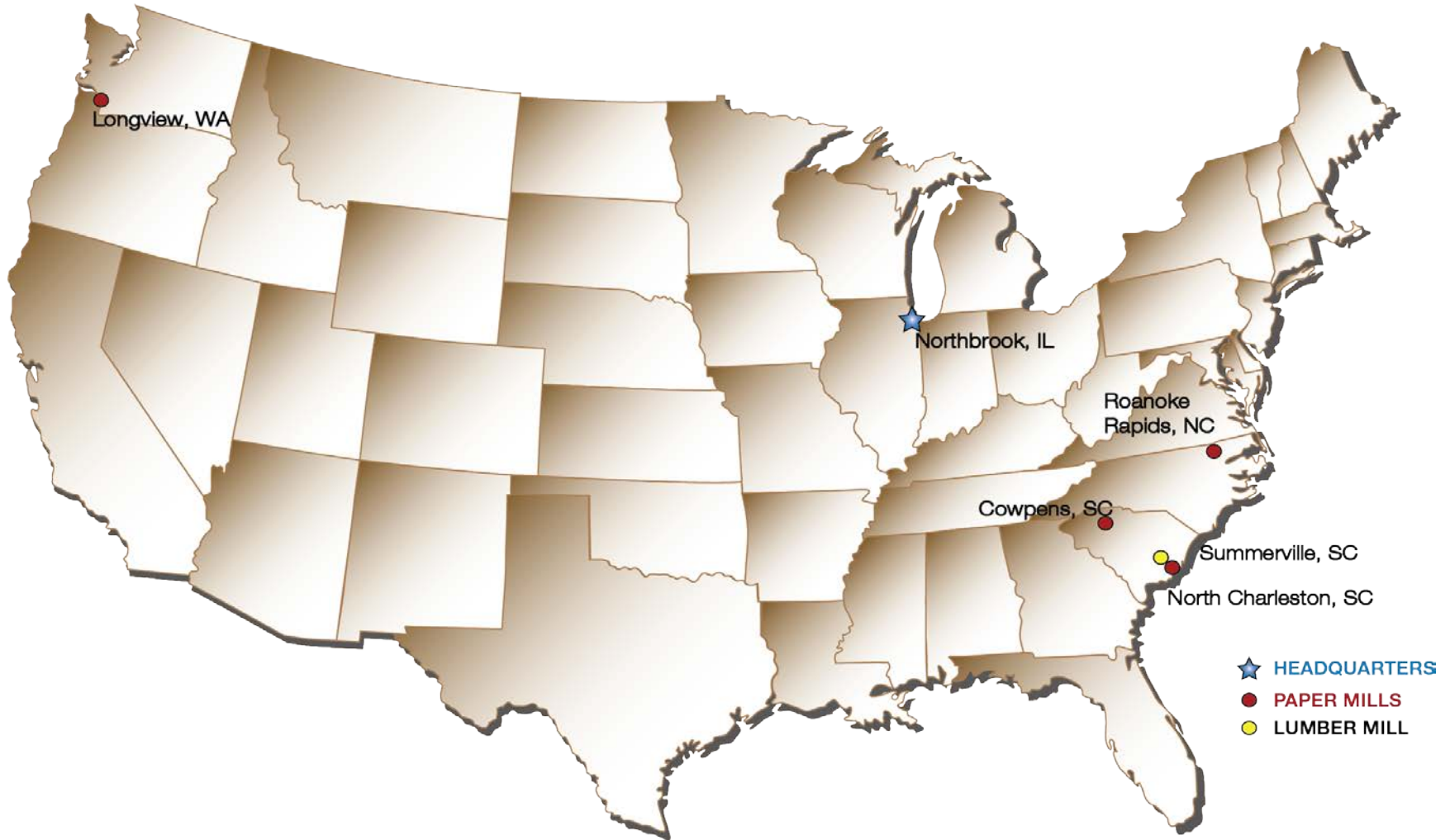
(1) Longview acquisition at 4.3 Xs based upon annualized adjusted EBITDA since acquisition



Mill Division

Randy Nebel, **President, Mill Division**

Well Positioned in Key Markets and Shipping Lanes



Paper Machine Specifications Provide Great Flexibility

Machine	Max trim (inches)	2014 Plan production (tons per day)	Grades	Basis weight range	Basis weight avg. (Q1'14)	Other capabilities
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PAPER

(lbs/3,000 sq ft)

LV-5	185	180	Lightweight specialties	20 – 60 #	33.4#	Limited colors, bleached, soft calendered, wet strength
LV-12	242	477	Lightweight specialties	25 – 68 #	42.8#	Converting, high recycled content, light-weight containerboard
RR-3	227	577	Lightweight papers, Converting/Dunnage	40 – 78 #	49.5#	Lightweight Linerboard
LV-11	236	581	FibreShield, TEAKraft	38 – 65 #	51.4#	Extensible, multiwall, wet strength, light-weight containerboard

BOARD/OTHER

(lbs/1,000 sq ft)

LV-10	242	1238	Linerboard/CM	23 – 45 #	32.1#	Heavy-weight Kraft papers
CP-1	174	667	100% recycled linerboard/CM	23 – 42 #	32.2#	Durasorb (recycled)
CHS-3	249	936	Lightweight Linerboard/UPL	25 – 47 #	32.4#	Rolled Pulp
RR-4	230	681	Lightweight Linerboard/UPL	20 – 38 #	33.3#	Kraft papers/Converting
CHS-2	229	702	Durasorb	23 – 72 #	40.0#	Corrugating Medium/Rolled Pulp
LV-7	168	830	Linerboard	42 – 90 #	51.5#	Saturating, UKP, wet strength
CHS-1	229	895	KraftPak, Linerboard	41 – 84 #	56.6#	Rolled Pulp

Mill Division Focus

- **Significant operations opportunities**
 - Improve safety, reduce injuries and environmental impacts
 - Reduce energy usage
 - Reduce labor costs in absolute dollars
 - Reduce pulping and specialty chemical costs
 - Reduce transportation expense

- **Product mix improvement**
 - Increase our ability to produce high strength lightweight paper and containerboard

- **Leverage our technology infrastructure to drive cost out of the system**

- **Discretionary capital priority**
 - Small, rapid payback projects
 - Energy projects
 - Labor productivity
 - Production capacity

Summary

- **Our mill division will bring a significant increase in EBITDA by lowering costs in energy, labor, chemicals and standardizing processes across the division**
- **Capital will be employed as a springboard to significant non-capital improvements**
- **We will focus on positioning our mills to be top quartile cost in producing high strength, lightweight paper and containerboard**



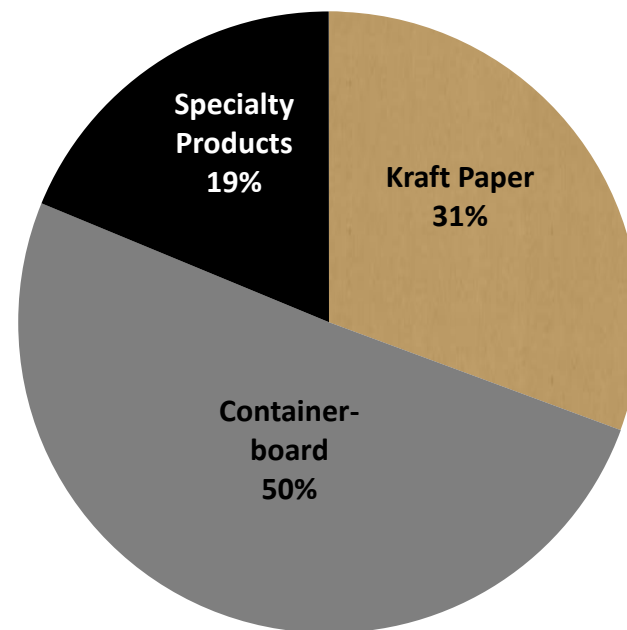
Sales

Tonie Meyers, Vice President, Sales and Marketing

KapStone Product Segmentation

- We are a brown paper oriented company with a high percentage of virgin fiber production
- Half of our external sales is comprised of kraft liner, medium and our ultra-performance grades
- Kraft papers makes up nearly a third of our external sales
- Annual external sales will exceed 2.0 million tons

External Sales ⁽¹⁾



(1) Annualized based on 2013 external tons sold, including Longview for full calendar year

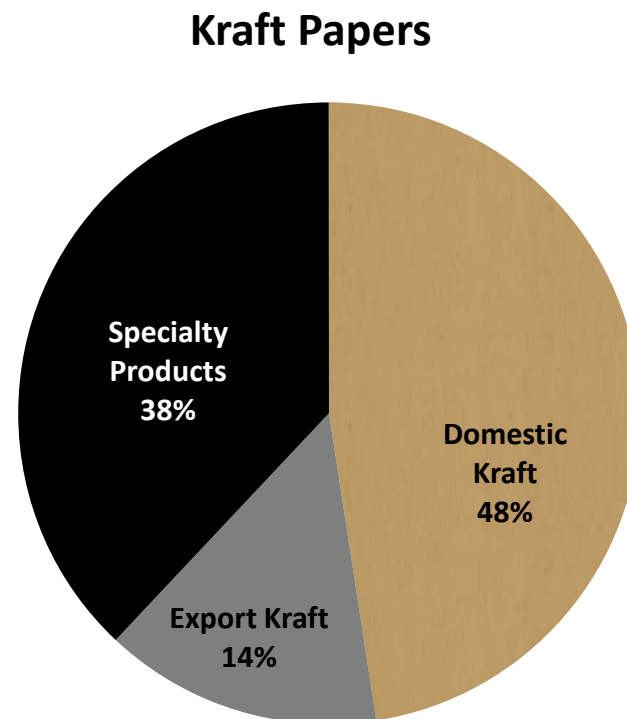
Kraft Papers

➤ We like our kraft paper markets!

- We are the largest kraft producer in North America
- Our chosen markets are steady or growing
- Export markets are improving for Kraft Paper grades

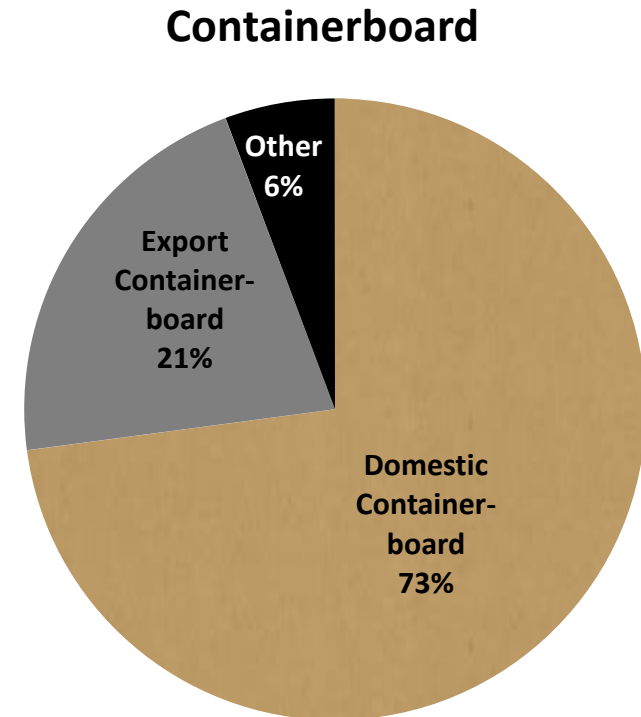
➤ Focused on customer satisfaction

- Nationwide footprint and redundant capabilities provide a wider service platform



Containerboard

- **We are the leader in light-weighting**
 - Ultra-performance liner and medium
- **Manage our planned mix purposefully**
 - Focused upon margin per machine hour
 - Strategy produces greater yield and value to customer
 - Marketplace remains disciplined where supply = demand
- **Optimistic for the near future, and prepared for the long-term**



Kraft Sales Summary

- **Our industry continues to demonstrate remarkable discipline in matching supply to market demand**

- **Specialty grades are stable to growing**
 - Runway for KraftPak and Export Kraft paper
 - DuraSorb continues to be an excellent business
 - Converter consolidation in domestic Kraft paper will provide market stability

- **Continue to market Ultra Performance Linerboard**



Container Division

Tim Keneally, **President, Container Division**

Well Positioned in Key Markets and Shipping Lanes



Container Division Focus on Customers

- **Focus on growing our local business through innovation, quality and service**
- **Take advantage of our national footprint to satisfy strategic customers who want options**
- **Develop a graphics strategy to satisfy customer/prospects**
- **Right weight demand increasing due to our ultra performance liners**
 - **31# and Below**
 - **50# and Above**
- **Offer packaging solutions through the KapStone Advantage Alliance Process**
- **Sales organization with support from design to become solution providers**

Container Division Focus on Operations

- **Best in class operations for safety & environmental stewardship**
 - **Courage to care / hazard recognition**
- **Engage our workforce and team leaders through more effective training and gainsharing**
- **Improve uptime on corrugators and converting equipment through aggressive maintenance programs and operator training.**
- **Invest strategic capital to enhance quality and reduce costs**
- **Share best practices through our manufacturing excellence organization**
- **Partner with our strategic suppliers (raw material, equipment) to enhance competitive position**
- **Reduce transportation costs**



Compelling Platform with Room for Growth

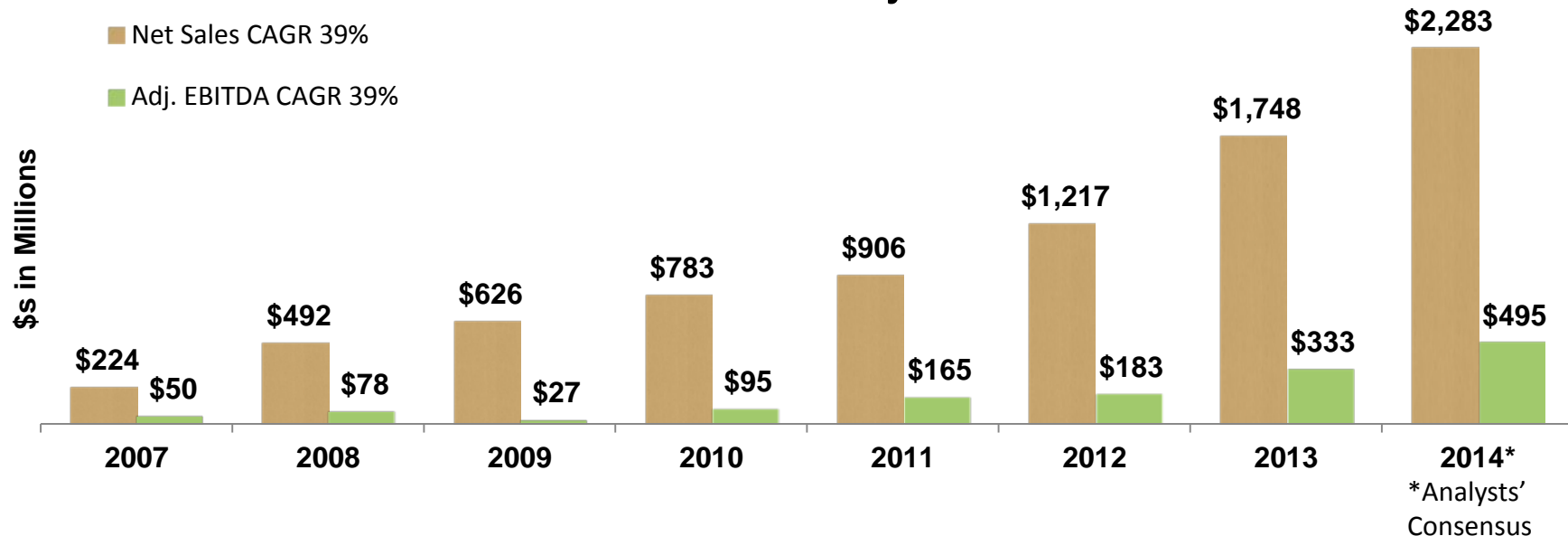
Matt Kaplan, **KapStone** President

KapStone

- **Integration progress has exceeded our expectations**
- **Excited about our portfolio of projects and initiatives**
- **These optimization activities will support our long term strategy in multiple areas:**
 - **Improve costs**
 - **Increase productivity and production**
 - **Solidify our KapStone approach to business**
 - **Reinforce our platform for exceptional service to our customer**
 - **Empower and leverage our talented workforce**
 - **Enhance our ability to efficiently integrate any future acquisitions**

Extraordinary Growth – Sales and Adjusted EBITDA

Annual Net Sales and Adjusted EBITDA



Rapid cash generation with LTM Adjusted Free cash flow through March, 2014 of \$210 million

Debt to EBITDA leverage ratio is rapidly improving ⁽¹⁾

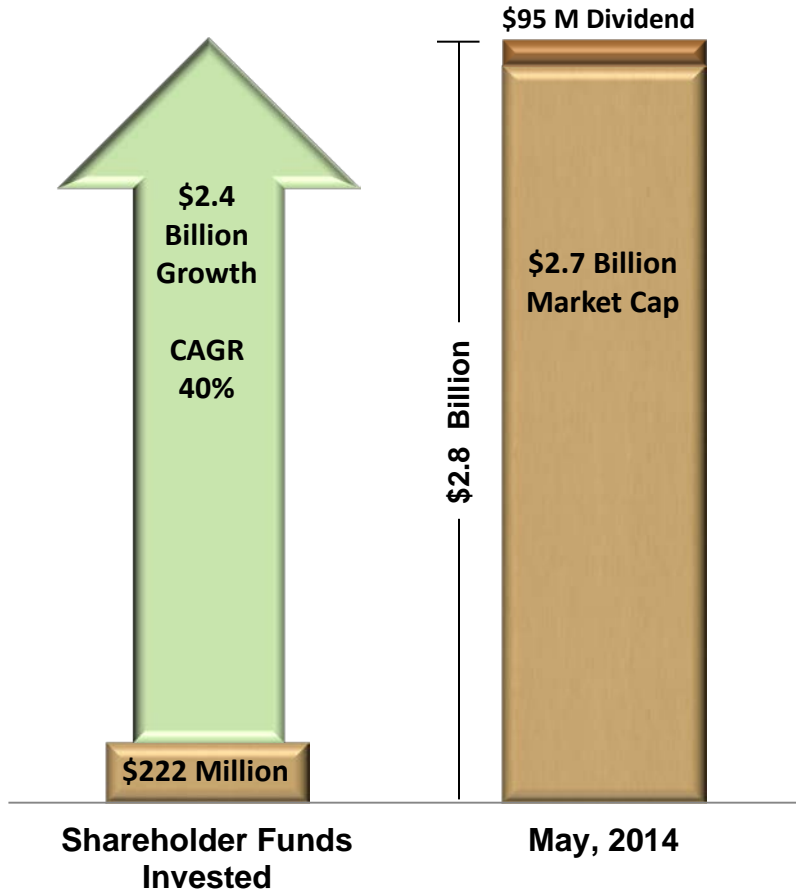
- **3.8 times - July 18, 2013 ⁽²⁾**
- **2.7 times - March, 31 2014**

(1) Calculated per bank agreement

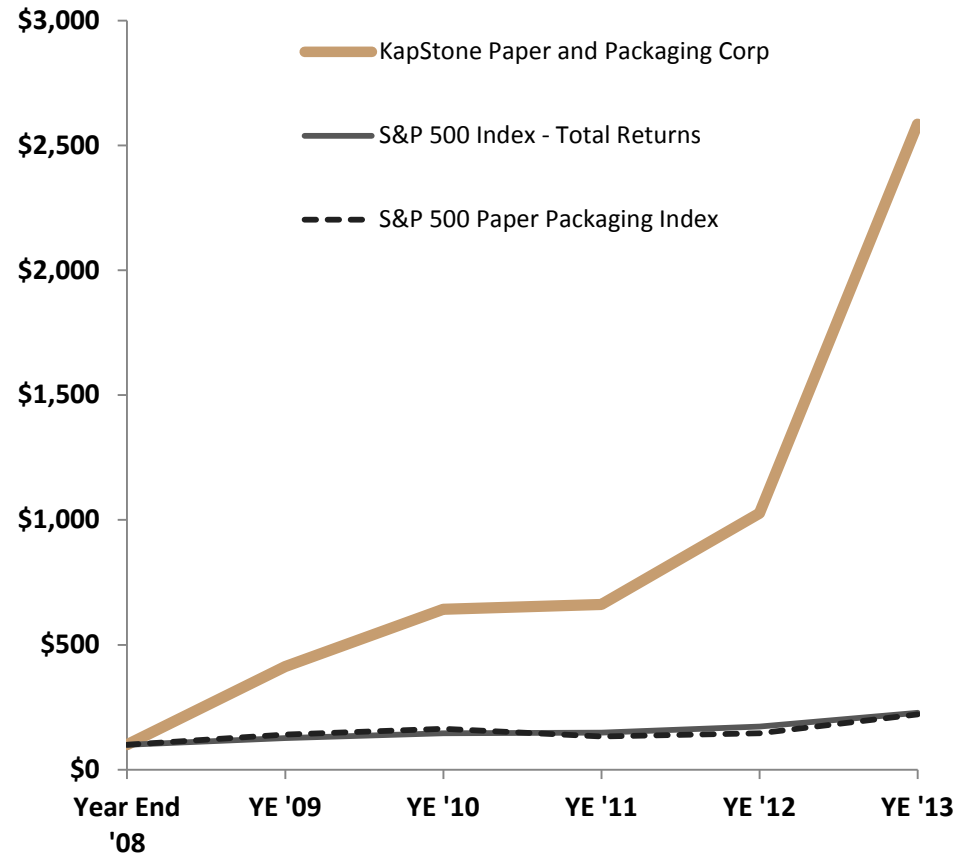
(2) Closing date of Longview acquisition

KapStone

Rapid Investment Growth



Comparison of 5 Year Cumulative Total Return Assumes Initial Investment of \$100



Summary

Think Big – Act Small

Keen Focus on Customer and Employee Satisfaction