



**First Quarter 2013
GAAP to Non-GAAP
Reconciliations**

May 7, 2013



Supplemental Information
GAAP to Non-GAAP Reconciliations
(\$ in thousands, except share and per share amounts)
(unaudited)

	Quarter Ended March 31,	
	2013	2012
Net Income (GAAP) to EBITDA (Non-GAAP) to Adjusted EBITDA (Non-GAAP):		
Net income (GAAP)	\$ 18,459	\$ 15,563
Interest expense, net	1,875	2,373
Amortization of debt issuance costs	726	906
Provision for income taxes	9,426	8,754
Depreciation and amortization	17,224	15,176
EBITDA (Non-GAAP)	\$ 47,710	\$ 42,772
Acquisition, start up and other expenses	611	1,223
Stock-based compensation expense	2,345	2,313
Adjusted EBITDA (Non-GAAP)	\$ 50,666	\$ 46,308
Net Income (GAAP) to Adjusted Net Income (Non-GAAP):		
Net income (GAAP)	\$ 18,459	\$ 15,563
Acquisition, start up and other expenses	404	783
Stock-based compensation expense	1,552	1,480
Adjusted Net Income (Non-GAAP)	\$ 20,415	\$ 17,826
Basic EPS (GAAP) to Adjusted Basic EPS (Non-GAAP):		
Basic EPS (GAAP)	\$ 0.39	\$ 0.33
Acquisition, start up and other expenses	0.01	0.02
Stock-based compensation expense	0.03	0.03
Adjusted Basic EPS (Non-GAAP)	\$ 0.43	\$ 0.38
Diluted EPS (GAAP) to Adjusted Diluted EPS (Non-GAAP):		
Diluted earnings per share (GAAP)	\$ 0.38	\$ 0.33
Acquisition, start up and other expenses	0.01	0.02
Stock-based compensation expense	0.03	0.03
Adjusted Diluted EPS (Non-GAAP)	\$ 0.42	\$ 0.38



KapStone Paper and Packaging Corporation
Supplemental Information
Net Debt and Debt to Equity Ratio
(In thousands)
(unaudited)

Calculation of Net Debt

	Quarter Ended				
	<u>3/31/2013</u>	<u>12/31/2012</u>	<u>9/30/2012</u>	<u>6/30/2012</u>	<u>3/31/2012</u>
Current portion of LT debt	\$ -	\$ -	\$ -	\$ -	\$ 13,125
Short-term borrowings	52,200	63,500	-	-	-
Other borrowings	2,719	-	622	1,552	2,477
Long term debt, net	294,973	294,310	294,171	293,355	329,418
Unamortized debt issuance costs	10,340	11,003	11,142	11,958	12,770
	<u>360,232</u>	<u>368,813</u>	<u>305,935</u>	<u>306,865</u>	<u>357,790</u>
Less cash and cash equivalents	<u>(7,618)</u>	<u>(16,488)</u>	<u>(36,304)</u>	<u>(9,683)</u>	<u>(20,066)</u>
Total Net Debt (non GAAP)	<u>\$ 352,614</u>	<u>\$ 352,325</u>	<u>\$ 269,631</u>	<u>\$ 297,182</u>	<u>\$ 337,724</u>
Decrease (increase) during the quarter	<u>\$ (289)</u>	<u>\$ (82,694)</u>	<u>\$ 27,551</u>	<u>\$ 40,542</u>	<u>\$ 9,527</u>
<u>Net Debt to Capital ratio calculation</u>					
Net debt	\$ 352,614	\$ 352,325	\$ 269,631	\$ 297,182	\$ 337,724
Capital (Equity plus Long term debt, net)	\$ 834,668	\$ 812,258	\$ 899,301	\$ 878,195	\$ 894,595
Ratio	<u>42.2%</u>	<u>43.4%</u>	<u>30.0%</u>	<u>33.8%</u>	<u>37.8%</u>



KapStone Paper and Packaging Corporation
Supplemental Information
Cash Flow From Operations and Adjusted Free Cash Flow
(In thousands)
(unaudited)

	Quarter Ended					
	<u>3/31/2013</u>	<u>12/30/2012</u>	<u>9/30/2012</u>	<u>6/30/2012</u>	<u>3/31/2012</u>	<u>12/31/2011</u>
Cash flow from operations (GAAP)	\$ 15,637	\$ 40,377	\$ 40,452	\$ 57,209	\$ 19,791	\$ 32,332
Less capital expenditures	<u>(16,832)</u>	<u>(25,838)</u>	<u>(13,945)</u>	<u>(16,549)</u>	<u>(10,905)</u>	<u>(16,269)</u>
Adjusted free cash flow (Non-GAAP)	<u>\$ (1,195)</u>	<u>\$ 14,539</u>	<u>\$ 26,507</u>	<u>\$ 40,660</u>	<u>\$ 8,886</u>	<u>\$ 16,063</u>
Average diluted shares outstanding	48,226,209	47,404,980	47,914,816	47,744,589	47,841,371	47,585,093
Adjusted free cash flow per share	<u>\$ (0.02)</u>	<u>\$ 0.31</u>	<u>\$ 0.55</u>	<u>\$ 0.85</u>	<u>\$ 0.19</u>	<u>\$ 0.34</u>

