



KapStone Container Corporation

an introduction

August 15, 2013

KapStone Paper & Packaging Corporation

- Parent Company Founded in April 2005
- **KapStone Container Corporation** was formed in 2011 with the acquisition of U.S. Corrugated, Inc.
- KapStone acquired Longview Fibre in July 2013
- 4,500 employees
- Annual sales - \$2.1 Billion
- Headquarters - Northbrook, IL
- NYSE: KS

KapStone Organization



Mill System

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

Lumber Mill

Summerville, SC

Corrugator 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 Feeder Plants

*Atlanta, GA
Fort Worth, TX*

Sheet Plants

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

Warehouses

*Las Vegas, NV
Logan, UT*



Well Positioned for Your Growth



KAPSTONE®

★ 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



Sustainability

At KapStone we help our customers reduce their carbon footprint by reducing ours...

- All Corrugator Box Plants and Paper Mills are SFI Certified
- Annual operating goals to reduce air emissions, conserve water resources and reduce chemical losses
- All Packaging, Containerboard and Kraft Papers, DuraSorb[®] Saturating Kraft, and Kraftpak[®] are produced from renewable resources
- Industry leaders in the reduction of packaging materials through the practice of innovative design practices and the production of ultra high performance, light weight liner

NW Commingled Workshop

occ quality issues at the
Longview, WA mill

Reflections from an OCC Superintendent

Troy Ellson, OCC Superintendent at Kapstone in Longview, WA has over 20 years experience in recycled paper mills and was with SP Newsprint in Newberg, OR prior to joining Kapstone.

- “In my career, I have witnessed many process changes due to the increased contaminants from the incoming supply. In my opinion, there was a dramatic change shortly after the introduction of single stream recycling.”
- “Even with very efficient contaminant handling systems, we are experiencing equipment failure due to wear caused by contaminants.”
- “Along with equipment failures, there is an increase in landfill costs with an overall lower production yield in the plants. I am having a hard time supplying the paper machines.”
- “The cost of equipment is expensive, but it doesn’t include the cost of downtime and lost production to the mill.”
- “We are simply getting products delivered that were never intended to be made into paper.”

Reflections from an OCC Buyer

Jan Cleiland has been buying recovered paper since 1995.

- “I briefly left recycling in 2004 to work on the box side of the paper industry. When I returned to mill buying in 2008, I was shocked to see the deterioration in OCC quality. I attribute that to the increase in single stream material.”
- “Almost every time, I can visually tell the difference between a single stream MRF bale and a non-single stream recycler bale. The quality difference is obvious.”
- “The increased contamination causes problems throughout the system ... from the OCC plant to our finished goods.”
- “Unwanted material has been diverted from one landfill to another landfill.”

Problems Caused by Non-Paper Contamination

- Year to date we have spent over \$100,000 on pump replacements and \$36,500 on sand/glass removal equipment replacement. This dollar amount does not capture the cost of labor, downtime and lost production.
- Paper machine felts are contaminated forcing the machines to shutdown and clean contamination resulting in downtime and lost production.
- In July, the cost of waste removal from the OCC plant was over \$100,000.
- Landfill costs for OCC waste is estimated to be in excess of \$450,000 in 2013.
- Styrofoam not only contaminates the OCC pulp it travels through the system and out into sewers. We must use a vacuum truck to remove all of the styrofoam.
- Greater yield loss resulting in less production.
- Contaminates wind up in the finished product resulting in quality claims from customers.
- Glass in bales vibrates out and into trailers. The glass then is embedded into finished goods resulting in quality claims.



This is the top of the pulper where they conveyor drops bales.

Notice the swirling styrofoam.



Steady stream
of rejects
coming from the
pulper trash
remover.

All of this
material must be
landfilled.



After going through a press to remove water, rejects fall into this bunker.

This material is loaded into a garbage truck for removal.



This is the rager tail in the pulper (a piece of rope hung in the pulper to collect bale wires). Because it is contaminated with plastic, we cannot recycle the metal.



This is the feed tank to the final detrashing equipment. This tank fills with styrofoam so quickly that we are forced to have a vacuum truck come and remove the styrofoam.



This is one of the sewer transfer stations that must have styrofoam removed by a vacuum truck.