



**FOR FURTHER INFORMATION:**

Andrea K. Tarbox  
Vice President and Chief Financial Officer  
847.239.8812

**FOR IMMEDIATE RELEASE**

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## **KAPSTONE COMPLETES ACQUISITION OF VICTORY PACKAGING**

**NORTHBROOK, IL – June 1, 2015 -- KapStone Paper and Packaging Corporation (NYSE: KS)** today announced that it has completed the purchase of Victory Packaging/Golden State Container (“Victory”). Victory, headquartered in Houston, TX, is a large, national distributor of all types of packaging specializing in providing unique solutions. Victory employs about 1,500 people.

“Today we are welcoming Victory’s team as the newest members of KapStone,” stated Roger W. Stone, Chairman and Chief Executive Officer. “The Victory team has grown both revenues and adjusted EBITDA at an impressive 14 percent compounded annual growth over the past four years. Excluding significant new customer wins, the compounded annual growth rate for revenue and adjusted EBITDA has been consistently between five to seven percent. Victory will enhance KapStone’s growth, profitability, cash flows, and returns to our shareholders.”

Funding for the acquisition came from borrowings under the \$1.915 billion amended and restated senior secured credit facility led by Bank of America, Barclays Bank, and Well Fargo Bank. The amended facility now consists of Term Loan A-1 of \$940 million maturing over five years, Term Loan A-2 of \$475 million maturing over seven years with one percent amortization in each of the first six years with the remaining principal due at the end of year seven, and a \$500 million revolving credit facility. The initial blended interest rate will be 1.9 percent as determined from the LIBOR-based pricing grid, and the rate is subject to change over the life of the loans as LIBOR rates and KapStone’s debt to EBITDA ratio change.

### **About the Company**

Headquartered in Northbrook, IL, KapStone Paper and Packaging Corporation is a leading North American producer of containerboard, unbleached kraft paper and corrugated products, and a provider of packaging and logistics solutions. The Company operates four paper mills, 22 converting plants, and more than 65 warehouses and distribution centers located in North America. The business employs approximately 6,000 people.

## **Non-GAAP Financial Measures**

Investors are cautioned that adjusted EBITDA information contained in this press release is not a financial measure under U.S. generally accepted accounting principles (GAAP). In addition, it should not be construed as an alternative to any other measures of performance determined in accordance with GAAP. This non-GAAP financial measure is provided to enhance the user's overall understanding of the underlying operating performance of Victory. KapStone believes that this non-GAAP measure provides useful information to investors because it provides for greater transparency to key measures used to evaluate the performance and liquidity of the company. Management uses adjusted EBITDA for evaluating performance against competitors.

Adjusted EBITDA represents earnings before interest, income taxes, depreciation and amortization and certain one-time adjustments. Adjusted EBITDA is not a measure of financial performance under GAAP and should not be considered as an alternative to earnings before income taxes (or any other performance measure under GAAP) as a measure of performance or to cash flows from operating, investing or financing activities as an indicator of cash flows or as a measure of liquidity.

## **Forward-Looking Statements/Disclaimers**

Statements in this news release that are not historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can often be identified by words such as "may," "will," "should," "anticipate," "believe," "estimate," "potential," "outlook," or "continue," the negative of these terms or other similar expressions. These statements reflect management's current views and are subject to risks, uncertainties and assumptions, many of which are beyond the Company's control that could cause actual results to differ materially from those expressed or implied in these statements. Factors that could cause actual results to differ materially include, but are not limited to: (1) industry conditions, including changes in cost, competition, changes in the Company's product mix and demand and pricing for the Company's products; (2) market and economic factors; (3) results of legal proceedings and compliance costs; (4) the ability to achieve and effectively manage growth; (5) the ability to pay the Company's debt obligations; (6) the ability to carry out the Company's strategic initiatives and manage associated costs; and (7) the integration of the Company's acquisitions. Further information on these and other risks and uncertainties is provided under Item 1A "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 and elsewhere in reports that the Company files with the SEC. These filings can be found on KapStone's Web site at <http://www.kapstonepaper.com> and the SEC's Web site at [www.sec.gov](http://www.sec.gov). Forward-looking statements included herein speak only as of the date hereof and the Company disclaims any obligation to revise or update such statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events or circumstances. Victory Packaging uses the Victory name in all locations outside California and can only be contacted in California under the name Golden State Container.