Non-GAAP Reconciliations

Second Quarter 2014

Veritiv

Non-GAAP Measures

We supplement our financial information prepared in accordance with GAAP with Adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization, cash and non-cash restructuring (income) charges, stock-based compensation expense, LIFO (income) expense, asset impairment charges, (gain) loss on sale of joint venture, non-restructuring severance charges, merger and integration costs, income (loss) from discontinued operations, net of income taxes and certain other costs) because we believe investors commonly use Adjusted EBITDA as a main component of valuing companies such as ours. In addition, the credit agreement governing our ABL Facility permits us to exclude these and other charges and expenses in calculating “Consolidated EBITDA” pursuant to such credit agreement.

Adjusted EBITDA is not a measurement of financial performance under GAAP. Non-GAAP measures do not have definitions under GAAP and may be defined differently by and not be comparable to, similarly titled measures used by other companies. As a result, we consider and evaluate non-GAAP measures in connection with a review of the most directly comparable measure calculated in accordance with GAAP. We caution investors not to place undue reliance on such non-GAAP measures, but also to consider them with the most directly comparable GAAP measure. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analyzing our results as reported under GAAP. Please see the following schedules and related footnotes for reconciliations of these non-GAAP measures to the most comparable GAAP measures.

Reconciliation of Non-GAAP Measures

Table I
VERITIV CORPORATION
RECONCILIATION OF NON-GAAP MEASURES
(in millions, except per share amounts)
(unaudited)

	For the Three Months Ended June 30, 2014			For the Three Months Ended June 30, 2013		
	xpedx As Reported	Pro Forma Adjustments*	Veritiv Pro Forma As Adjusted	xpedx As Reported	Pro Forma Adjustments*	Veritiv Pro Forma As Adjusted
Net sales	$ 1,329.0	$ 976.8	$ 2,305.8	$ 1,402.9	$ 1,004.3	$ 2,407.2
Net income (loss)	$ 2.9	$ (6.2)	$ (3.3)	$ (2.4)	$ 2.5	$ 0.1
Interest expense, net	-	7.6	7.6	-	8.0	8.0
Income tax provision (benefit)	2.1	7.3	9.4	(1.4)	(0.3)	(1.7)
Depreciation and amortization	4.3	6.9	11.2	4.1	7.5	11.6
EBITDA	9.3	15.6	24.9	0.3	17.7	18.0
Restructuring (income) charges	(0.9)	-	(0.9)	17.3	1.7	19.0
Non-restructuring stock-based compensation	3.2	-	3.2	3.3	0.2	3.5
LIFO (income) expense	3.4	1.5	4.9	(0.4)	1.6	1.2
Asset impairment	-	2.8	2.8	-	0.2	0.2
Non-restructuring severance charges	0.6	0.2	0.8	0.2	0.2	0.4
Merger and integration costs	2.1	-	2.1	-	-	-
(Loss) income from discontinued operations, net of taxes	-	-	-	(0.1)	-	(0.1)
Pro Forma Adjusted EBITDA	$ 17.7	$ 20.1	$ 37.8	$ 20.8	$ 21.6	$ 42.4

	For the Six Months Ended June 30, 2014			For the Six Months Ended June 30, 2013		
	xpedx As Reported	Pro Forma Adjustments*	Veritiv Pro Forma As Adjusted	xpedx As Reported	Pro Forma Adjustments*	Veritiv Pro Forma As Adjusted
Net sales	$ 2,636.4	$ 1,907.5	$ 4,543.9	$ 2,791.3	$ 1,983.7	$ 4,775.0
Net income (loss)	$ 8.4	$ (2.3)	$ 6.1	$ (3.1)	$ (3.9)	$ (7.0)
Interest expense, net	-	15.3	15.3	-	16.2	16.2
Income tax provision (benefit)	5.8	6.7	12.5	(1.9)	(0.7)	(2.6)
Depreciation and amortization	8.9	13.6	22.5	8.4	14.9	23.3
EBITDA	23.1	33.3	56.4	3.4	26.5	29.9
Restructuring (income) charges	(1.1)	0.2	(0.9)	24.4	2.5	26.9
Non-restructuring stock-based compensation	4.3	0.1	4.4	7.8	0.4	8.2
LIFO (income) expense	(0.3)	1.3	1.0	(2.3)	1.3	(1.0)
Asset impairment charge	-	2.8	2.8	-	0.3	0.3
(Gain) Loss on sale of joint venture	-	(6.6)	(6.6)	-	-	-
Non-restructuring severance charges	2.2	0.4	2.6	0.6	0.2	0.8
Merger and integration costs	2.1	-	2.1	-	-	-
(Loss) income from discontinued operations, net of taxes	(0.1)	-	(0.1)	0.1	-	0.1
Pro Forma Adjusted EBITDA	$ 30.4	$ 31.5	$ 61.9	$ 33.8	$ 31.2	$ 65.0

** Pro forma adjustments take into account as if the merger with UWW Holdings, Inc. and the related financing occurred on January 1, 2013.*