



Non-GAAP Reconciliations

Third 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, restructuring charges (income), non-restructuring stock-based compensation expense, LIFO (income) expense, asset impairment charge, non-restructuring severance charges, (gain) loss on sale of joint venture, merger and integration expenses, purchase accounting adjustments, and loss from discontinued operations, net of income taxes) 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 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 a limitation 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)
(unaudited)

	Three Months Ended September 30, 2014			Three Months Ended September 30, 2013		
	<u>Veritiv As Reported</u>	<u>Pro Forma Adjustments*</u>	<u>Veritiv Pro Forma</u>	<u>Veritiv As Reported</u>	<u>Pro Forma Adjustments*</u>	<u>Veritiv Pro Forma</u>
Net sales	\$ 2,390.3	\$ -	\$ 2,390.3	\$ 1,442.8	\$ 1,029.0	\$ 2,471.8
Net income (loss)	\$ (14.0)	\$ 35.2	\$ 21.2	\$ 5.1	\$ 239.6 ⁽¹⁾	\$ 244.7
Interest expense, net	6.8	-	6.8	-	6.3	6.3
Income tax (benefit) expense	(10.4)	22.5	12.1	3.9	(229.2) ⁽¹⁾	(225.3)
Depreciation and amortization	14.2	-	14.2	4.4	9.4	13.8
EBITDA	(3.4)	57.7	54.3	13.4	26.1	39.5
Restructuring charges (income)	0.1	-	0.1	6.0	1.0	7.0
Non-restructuring stock-based compensation	-	-	-	3.2	(0.1)	3.1
LIFO (income) expense	(0.5)	(2.1)	(2.6)	4.2	0.8	5.0
Non-restructuring severance charges	-	-	-	0.3	0.2	0.5
Merger and integration expenses	54.8	(54.8)	-	-	-	-
Purchase accounting adjustments	0.5	(0.8)	(0.3)	-	(0.3)	(0.3)
Loss from discontinued operations, net of income taxes	-	-	-	0.1	-	0.1
Adjusted EBITDA / Pro Forma Adjusted EBITDA	<u>\$ 51.5</u>	<u>\$ (0.0)</u>	<u>\$ 51.5</u>	<u>\$ 27.2</u>	<u>\$ 27.7</u>	<u>\$ 54.9</u>
Adjusted EBITDA / Pro Forma Adjusted EBITDA as a % of net sales	2.2%		2.2%	1.9%		2.2%

(1) Unisource's historical results for the three and nine months ended September 30, 2013 include the reversal of a \$238.7 million valuation allowance against its U.S. federal and a substantial portion of its state net deferred tax assets.

* Pro forma adjustments take into account the merger with UWW Holdings, Inc. and the related financing as if they occurred on January 1, 2013, as well as purchase accounting adjustments and adjustments for one-time costs related to the merger.

Reconciliation of Non-GAAP Measures



Table II
VERITIV CORPORATION
RECONCILIATION OF NON-GAAP MEASURES

(in millions)

(unaudited)

	Nine Months Ended September 30, 2014			Nine Months Ended September 30, 2013		
	Veritiv As Reported	Pro Forma Adjustments*	Veritiv Pro Forma	Veritiv As Reported	Pro Forma Adjustments*	Veritiv Pro Forma
Net sales	\$ 5,026.7	\$ 1,907.5	\$ 6,934.2	\$ 4,234.1	\$ 3,012.7	\$ 7,246.8
Net income (loss)	\$ (5.6)	\$ 28.4	\$ 22.8	\$ 2.0	\$ 187.2 ⁽¹⁾	\$ 189.2
Interest expense, net	6.8	12.5	19.3	-	19.1	19.1
Income tax (benefit) expense	(4.6)	35.3	30.7	2.0	(260.0) ⁽¹⁾	(258.0)
Depreciation and amortization	23.1	17.4	40.5	12.8	28.5	41.3
EBITDA	19.7	93.6	113.3	16.8	(25.2)	(8.4)
Restructuring charges (income)	(1.0)	0.2	(0.8)	30.4	3.5	33.9
Non-restructuring stock-based compensation	4.0	0.1	4.1	9.8	0.3	10.1
LIFO (income) expense	(0.8)	(0.8)	(1.6)	1.9	3.4	5.3
Asset impairment charge	-	2.8	2.8	-	0.3	0.3
Non-restructuring severance charges	2.4	0.4	2.8	0.9	0.4	1.3
(Gain) Loss on sale of joint venture	-	(6.6)	(6.6)	-	-	-
Merger and integration expenses	56.9	(56.9)	-	-	76.3	76.3
Purchase accounting adjustments	0.5	(1.3)	(0.8)	-	(0.2)	(0.2)
Loss from discontinued operations, net of income taxes	0.1	-	0.1	-	-	-
Adjusted EBITDA / Pro Forma Adjusted EBITDA	<u>\$ 81.8</u>	<u>\$ 31.5</u>	<u>\$ 113.3</u>	<u>\$ 59.8</u>	<u>\$ 58.8</u>	<u>\$ 118.6</u>
Adjusted EBITDA / Pro Forma Adjusted EBITDA as a % of net sales	1.6%		1.6%	1.4%		1.6%

(1) Unisource's historical results for the three and nine months ended September 30, 2013 include the reversal of a \$238.7 million valuation allowance against its U.S. federal and a substantial portion of its state net deferred tax assets.

* Pro forma adjustments take into account the merger with UWW Holdings, Inc. and the related financing as if they occurred on January 1, 2013, as well as purchase accounting adjustments and adjustments for one-time costs related to the merger.