



Non-GAAP Reconciliations

Fourth Quarter & Full Year 2014

Published March 23, 2015

Veritiv

Appendix: 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 on sale of joint venture, Merger and integration expenses, (income) loss from discontinued operations, net of income taxes, fair value adjustments on the contingent liability associated with the Tax Receivable Agreement ("TRA") and certain other adjustments) and Free Cash Flow because we believe investors commonly use Adjusted EBITDA and Free Cash Flow as important components 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 and Free Cash Flow are not measurements 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. These measures have limitations as analytical tools 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 non-GAAP measures to the most comparable GAAP measures.

Appendix: Reconciliation of Non-GAAP Measures



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

	Three Months Ended December 31, 2014			Three Months Ended December 31, 2013		
	Veritiv As Reported	Pro Forma Adjustments*	Veritiv Pro Forma	Veritiv As Reported	Pro Forma Adjustments*	Veritiv Pro Forma
Net sales	\$ 2,379.8	\$ -	\$ 2,379.8	\$ 1,418.3	\$ 1,076.4	\$ 2,494.7
Net income (loss)	\$ (14.0)	\$ 12.9	\$ (1.1)	\$ (1.8)	\$ 12.1	\$ 10.3
Interest expense, net	7.2	-	7.2	-	6.4	6.4
Income tax expense (benefit)	2.5	8.3	10.8	(1.6)	3.9	2.3
Depreciation and amortization	14.5	(1.1)	13.4	4.3	9.9	14.2
EBITDA	10.2	20.1	30.3	0.9	32.3	33.2
Restructuring charges (income)	5.0	-	5.0	7.5	(6.9)	0.6
Non-restructuring stock-based compensation	-	-	-	3.4	0.1	3.5
LIFO (income) expense	7.1	(1.9)	5.2	1.5	2.0	3.5
Non-restructuring severance charges	0.2	-	0.2	1.4	0.2	1.6
Merger and integration expenses	18.2	(18.2)	-	-	-	-
Fair value adjustment on TRA contingent liability	1.7	-	1.7	-	-	-
Other	(2.1)	-	(2.1)	-	0.5	0.5
Loss (income) from discontinued operations, net of income taxes	-	-	-	(0.2)	-	(0.2)
Adjusted EBITDA	<u>\$ 40.3</u>	<u>\$ 0.0</u>	<u>\$ 40.3</u>	<u>\$ 14.5</u>	<u>\$ 28.2</u>	<u>\$ 42.7</u>
Adjusted EBITDA as a % of net sales	1.7%		1.7%	1.0%		1.7%

* 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.

Appendix: Reconciliation of Non-GAAP Measures



Table II
VERITIV CORPORATION
RECONCILIATION OF NON-GAAP MEASURES
(in millions, unaudited)

	Year Ended December 31, 2014			Year Ended December 31, 2013		
	Veritiv As	Pro Forma	Veritiv	Veritiv As	Pro Forma	Veritiv
	Reported	Adjustments*	Pro Forma	Reported	Adjustments*	Pro Forma
Net sales	\$ 7,406.5	\$ 1,907.6	\$ 9,314.1	\$ 5,652.4	\$ 4,089.1	\$ 9,741.5
Net income (loss)	\$ (19.6)	\$ 42.3	\$ 22.7	\$ 0.2	\$ 180.9 ⁽¹⁾	\$ 181.1
Interest expense, net	14.0	12.4	26.4	-	25.9	25.9
Income tax expense (benefit)	(2.1)	44.3	42.2	0.4	(267.9) ⁽¹⁾	(267.5)
Depreciation and amortization	37.6	14.7	52.3	17.1	39.1	56.2
EBITDA	29.9	113.7	143.6	17.7	(22.0)	(4.3)
Restructuring charges (income)	4.0	0.2	4.2	37.9	(3.4)	34.5
Non-restructuring stock-based compensation	4.0	0.1	4.1	13.1	0.4	13.5
LIFO (income) expense	6.3	(2.8)	3.5	3.4	3.3	6.7
Asset impairment charge	-	2.8	2.8	-	0.4	0.4
Non-restructuring severance charges	2.6	0.4	3.0	2.3	0.4	2.7
Gain on sale of joint venture	-	(6.6)	(6.6)	-	-	-
Merger and integration expense	75.1	(75.1)	-	-	103.5	103.5
Fair value adjustment on TRA contingent liability	1.7	-	1.7	-	-	-
Other	(1.7)	(1.1)	(2.8)	-	4.5	4.5
Loss (income) from discontinued operations, net of income taxes	0.1	-	0.1	(0.2)	-	(0.2)
Adjusted EBITDA	<u>\$ 122.0</u>	<u>\$ 31.6</u>	<u>\$ 153.6</u>	<u>\$ 74.2</u>	<u>\$ 87.1</u>	<u>\$ 161.3</u>
Adjusted EBITDA as a % of net sales	1.6%		1.6%	1.3%		1.7%

(1) Unisource's historical results for the year ended December 31, 2013 includes 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.

Appendix: Reconciliation of Non-GAAP Measures



Table III
VERITIV CORPORATION
RECONCILIATION OF NON-GAAP MEASURES
(in millions, unaudited)

	Year Ended December 31, 2014		
	Veritiv As Reported	Pro Forma Adjustments*	Veritiv Pro Forma
Net cash flows provided by operating activities	\$ 5.0	\$ 48.4	\$ 53.4
Less: Capital expenditures	(17.2)	(6.6)	(23.8)
Free cash flow	(12.2)	41.8	29.6
Add back: Cash payments for integration-related items	69.1	15.0	84.1
Free cash flow excluding cash impact of integration-related items	<u>\$ 56.9</u>	<u>\$ 56.8</u>	<u>\$ 113.7</u>

** 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.*