

ESSENDANT INC.

STOCK OWNERSHIP GUIDELINES

The Board of Directors of Essendant Inc., (the “Company”) believes that the Company and its stockholders are best served by managing the business with a long term perspective while delivering strong annual financial results.

Stock ownership is an important tool to strengthen the alignment of interests of stockholders, directors and executive officers of the Company. Therefore, the Company established stock ownership guidelines for Board members on September 1, 2006 and for executive officers on January 1, 2007.

These guidelines were most recently updated on May 24, 2016.

Stock Ownership Guidelines

Directors and executive officers (as defined pursuant to Section 16 of the Securities Exchange Act of 1934) are expected to retain one hundred percent (100%) of any shares of Company stock that were acquired through equity-based grants made by the Company to the participant after May 1, 2004 under the Company’s incentive plans, until the participant has attained the level of ownership of qualifying Company securities (described below) as a multiple of the participant’s annual base pay or cash retainer (“Multiple of Pay”) outlined in the table below.

Once the target Multiple of Pay is achieved, the participant may sell shares of Company stock without restriction, provided that the sale does not cause the value of the participant’s ownership (measured based on the sales price of Company stock) to fall below the target Multiple of Pay. Participants remain subject to the Company’s Insider Trading Policy, including blackout periods and stock trading procedures required by the Company, regardless of stock ownership guideline achievement.

Participant Title	Multiple of Pay
CEO	5 x Base Salary
CFO and COO	3 x Base Salary
SVPs—Section 16 only	1 x Base Salary
Chief Accounting Officer	1 x Base Salary
Non-Employee Board Members	5 x Annual Cash Retainer

The withholding, surrender or sale of Company stock for the limited purposes of paying the tax liability associated with the vesting of equity awards and paying the exercise price and tax liability associated with the exercise of stock options are not considered sales for purposes of these Guidelines.

Qualifying Securities

The value of the following types of Company securities will be counted towards participants' attainment of the Multiple of Pay expectation set by the Board:

- Shares beneficially owned (including shares owned upon the vesting of restricted stock and restricted stock units)
- Deferred stock units held through the Company's Director deferred stock unit plan
- Unvested restricted stock awards
- Vested, in-the-money, stock options. Value applied towards attainment is the gross value equal to the spread between the strike price and the fair market value of the option

Until February, 1, 2017, unvested restricted stock units (performance shares) will also be counted towards attainment of the Multiple of Pay.

Timeline to Achieve Target Stock Ownership Level

These guidelines do not define a timeframe requirement for Directors and executive officers to achieve their respective target stock ownership levels.

The Governance Committee of the Board will review progress of Directors' achievement of the target stock ownership levels annually. The Human Resources Committee of the Board will review the progress of executive officers' achievement of the target stock ownership levels annually. In both cases, these Board committees will determine whether the target ownership levels remain appropriate, and if not, the committees have the discretion to make adjustments to the target stock ownership levels.

Annually, Directors will be notified by the Governance Committee and executive officers will be notified by the Human Resources Committee of their standing against target stock ownership levels. Failure by a participant to follow these guidelines may affect future compensation decisions with respect to their individual pay.