

Essendant Inc. and Subsidiaries
Reconciliation of Non-GAAP Financial Measures
Adjusted Operating Income, Net Income, and Diluted Earnings Per Share
(unaudited)
(in thousands, except per share data)

| | For the Three Months Ended June 30, | | | |
|---|-------------------------------------|-------------------|--------------|-------------------|
| | 2015 | | 2014 | |
| | Amount | % to Net Sales | Amount | % to Net Sales |
| Net Sales | \$ 1,341,799 | 100.0% | \$ 1,320,037 | 100.0% |
| Gross profit | \$ 212,062 | 15.8% | \$ 199,460 | 15.1% |
| Operating expenses | \$ 158,159 | 11.8% | \$ 142,186 | 10.8% |
| Workforce reduction and facility consolidation charge | 138 | 0.0% | - | - |
| Rebranding - intangible asset amortization | (512) | 0.0% | - | - |
| Asset held for sale related costs | (1,361) | (0.1%) | - | - |
| Adjusted operating expenses | \$ 156,424 | 11.7% | \$ 142,186 | 10.8% |
| Operating income | \$ 53,903 | 4.0% | \$ 57,274 | 4.3% |
| Operating expense items noted above | 1,735 | 0.1% | - | - |
| Adjusted operating income | \$ 55,638 | 4.1% | \$ 57,274 | 4.3% |
| Net income | \$ 30,261 | | \$ 33,331 | |
| Operating expense items noted above, net of tax | 942 | | - | |
| Adjusted net income | \$ 31,203 | | \$ 33,331 | |
| Diluted earnings per share | \$ 0.79 | | \$ 0.85 | |
| Per share operating expense items noted above | 0.03 | | - | |
| Adjusted diluted earnings per share | \$ 0.82 | | \$ 0.85 | |
| Adjusted diluted earnings per share - change over the prior year period | (3.5%) | | | |
| Weighted average number of common shares - diluted | 38,106 | | 39,226 | |

Note: Adjusted Operating Expenses, Adjusted Operating Income, Adjusted Net Income and Adjusted Earnings Per Share in the second quarter of 2015 exclude the effects of a \$0.1 million partial reversal of the first quarter facility consolidation charge, \$0.5 million accelerated amortization related to rebranding, and \$1.4 million related to listing a non-strategic business for sale. Generally Accepted Accounting Principles require that the effects of these items be included in the Condensed Consolidated Statements of Income. Management believes that excluding these items is an appropriate comparison of its ongoing operating results and to the results of the prior year. It is helpful to provide readers of its financial statements with a reconciliation of these items to its Condensed Consolidated Statements of Income reported in accordance with Generally Accepted Accounting Principles.

Essendant Inc. and Subsidiaries
Reconciliation of Non-GAAP Financial Measures
Adjusted Operating Income, Net Income, and Diluted Earnings Per Share
(unaudited)
(in thousands, except per share data)

| | For the Six Months Ended June 30, | | | |
|---|-----------------------------------|-----------|--------------|-----------|
| | 2015 | % to | 2014 | % to |
| | Amount | Net Sales | Amount | Net Sales |
| Net Sales | \$ 2,674,174 | 100.0% | \$ 2,574,176 | 100.0% |
| Gross profit | \$ 416,512 | 15.6% | \$ 386,543 | 15.0% |
| Operating expenses | \$ 356,531 | 13.3% | \$ 291,035 | 11.3% |
| Workforce reduction and facility consolidation charge | (6,295) | (0.2%) | - | - |
| Rebranding - intangible asset impairment and amortization | (10,975) | (0.4%) | - | - |
| Asset held for sale impairment and related costs | (14,927) | (0.6%) | - | - |
| Adjusted operating expenses | \$ 324,334 | 12.1% | \$ 291,035 | 11.3% |
| Operating income | \$ 59,981 | 2.2% | \$ 95,508 | 3.7% |
| Operating expense items noted above | 32,197 | 1.2% | - | - |
| Adjusted operating income | \$ 92,178 | 3.4% | \$ 95,508 | 3.7% |
| Net income | \$ 26,269 | | \$ 55,188 | |
| Operating expense items noted above, net of tax | 24,837 | | - | |
| Adjusted net income | \$ 51,106 | | \$ 55,188 | |
| Diluted earnings per share | \$ 0.69 | | \$ 1.40 | |
| Per share operating expense items noted above | 0.64 | | - | |
| Adjusted diluted earnings per share | \$ 1.33 | | \$ 1.40 | |
| Adjusted diluted earnings per share - change over the prior year period | (5.0%) | | | |
| Weighted average number of common shares - diluted | 38,317 | | 39,435 | |

Note: Adjusted Operating Expenses, Adjusted Operating Income, Adjusted Net Income and Adjusted Earnings Per Share in the first half of 2015 exclude the effects of a \$6.3 million workforce reduction and facility consolidation, \$11.0 million intangible asset charge and accelerated amortization related to rebranding, and \$14.9 million related to listing a non-strategic business for sale. Generally Accepted Accounting Principles require that the effects of these items be included in the Condensed Consolidated Statements of Income. Management believes that excluding these items is an appropriate comparison of its ongoing operating results and to the results of the prior year. It is helpful to provide readers of its financial statements with a reconciliation of these items to its Condensed Consolidated Statements of Income reported in accordance with Generally Accepted Accounting Principles.