

Section 1: 10-Q (FORM 10-Q)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2016

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 0-10653

ESSENDANT INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

36-3141189
(I.R.S. Employer
Identification No.)

**One Parkway North Boulevard
Suite 100
Deerfield, Illinois 60015-2559
(847) 627-7000**

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Indicate by check mark whether registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 and Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

On October 24, 2016, the registrant had outstanding 36,968,408 shares of common stock, par value \$0.10 per share.

ESSENDANT INC.
FORM 10-Q
For the Quarterly Period Ended September 30, 2016
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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ESSENDANT INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	<u>(Unaudited)</u>	<u>(Audited)</u>
	<u>As of September 30,</u>	<u>As of December 31,</u>
	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 22,647	\$ 29,983
Accounts receivable, less allowance for doubtful accounts of \$16,696 in 2016 and \$17,810 in 2015	752,260	716,537
Inventories	850,463	922,162
Other current assets	44,771	27,310
Total current assets	<u>1,670,141</u>	<u>1,695,992</u>
Property, plant and equipment, net	126,334	133,751
Goodwill	298,242	299,355
Intangible assets, net	86,886	96,413
Other long-term assets	55,059	37,348
Total assets	<u>\$ 2,236,662</u>	<u>\$ 2,262,859</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 540,743	\$ 531,949
Accrued liabilities	192,189	177,472
Current maturities of long-term debt	35	51
Total current liabilities	<u>732,967</u>	<u>709,472</u>
Deferred income taxes	8,372	11,901
Long-term debt	620,155	716,264
Other long-term liabilities	92,535	101,488
Total liabilities	<u>1,454,029</u>	<u>1,539,125</u>
Stockholders' equity:		
Common stock, \$0.10 par value; authorized - 100,000,000 shares, issued - 74,435,628 shares in 2016 and 2015	7,444	7,444
Additional paid-in capital	406,964	410,927
Treasury stock, at cost – 36,967,378 shares in 2016 and 37,178,394 shares in 2015	(1,097,094)	(1,100,867)
Retained earnings	1,514,573	1,463,821
Accumulated other comprehensive loss	(49,254)	(57,591)
Total stockholders' equity	<u>782,633</u>	<u>723,734</u>
Total liabilities and stockholders' equity	<u>\$ 2,236,662</u>	<u>\$ 2,262,859</u>

See notes to condensed consolidated financial statements.

ESSENDANT INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)
(Unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Net sales	\$ 1,407,504	\$ 1,391,545	\$ 4,114,323	\$ 4,065,719
Cost of goods sold	1,208,650	1,166,402	3,519,564	3,430,062
Gross profit	198,854	225,143	594,759	635,657
Operating expenses:				
Warehousing, marketing and administrative expenses	138,107	172,159	463,410	526,653
Defined benefit plan settlement loss (Note 10)	419	-	12,163	-
Operating income	60,328	52,984	119,186	109,004
Interest expense, net	6,484	5,300	18,058	14,918
Income before income taxes	53,844	47,684	101,128	94,086
Income tax expense	17,102	20,017	34,923	42,594
Net income	\$ 36,742	\$ 27,667	\$ 66,205	\$ 51,492
Net income per share - basic:	\$ 1.00	\$ 0.74	\$ 1.81	\$ 1.36
Average number of common shares outstanding - basic	36,578	37,300	36,560	37,724
Net income per share - diluted:	\$ 0.99	\$ 0.74	\$ 1.79	\$ 1.35
Average number of common shares outstanding - diluted	36,938	37,608	36,896	38,109
Dividends declared per share	\$ 0.14	\$ 0.14	\$ 0.42	\$ 0.42

See notes to condensed consolidated financial statements.

ESSENDANT INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(Unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Net income	\$ 36,742	\$ 27,667	\$ 66,205	\$ 51,492
Other comprehensive income (loss), net of tax				
Translation adjustments	(692)	7,497	2,441	3,076
Minimum pension liability adjustments	(2,298)	967	6,035	2,831
Cash flow hedge adjustments	288	(208)	(139)	(636)
Total other comprehensive income (loss), net of tax	<u>(2,702)</u>	<u>8,256</u>	<u>8,337</u>	<u>5,271</u>
Comprehensive income	<u>\$ 34,040</u>	<u>\$ 35,923</u>	<u>\$ 74,542</u>	<u>\$ 56,763</u>

See notes to condensed consolidated financial statements.

ESSENDANT INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)
(Unaudited)

	For the Nine Months Ended September 30,	
	2016	2015
Cash Flows From Operating Activities:		
Net income	\$ 66,205	\$ 51,492
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	34,199	36,344
Share-based compensation	6,903	6,447
(Gain) loss on the disposition of property, plant and equipment	(21,027)	1,562
Amortization of capitalized financing costs	502	659
Excess tax cost (benefit) related to share-based compensation	960	(402)
Asset impairment charges	-	34,893
Loss on sale of equity investment	-	33
Deferred income taxes	(6,970)	(15,285)
Pension settlement charge	12,163	-
Changes in operating assets and liabilities:		
Increase in accounts receivable, net	(35,457)	(31,288)
Decrease in inventory	73,735	54,354
Increase in other assets	(35,221)	(8,720)
Increase in accounts payable	8,902	50,412
Increase in accrued liabilities	13,659	6,500
Decrease in other liabilities	(12,585)	(3,342)
Net cash provided by operating activities	105,968	183,659
Cash Flows From Investing Activities:		
Capital expenditures	(28,167)	(18,133)
Proceeds from the disposition of property, plant and equipment	33,890	184
Acquisition, net of cash acquired	-	(40,471)
Proceeds from sale of equity investment	-	612
Net cash provided by (used in) investing activities	5,723	(57,808)
Cash Flows From Financing Activities:		
Net repayments under revolving credit facility	(96,640)	(45,309)
Net proceeds (disbursements) from share-based compensation arrangements	621	(1,507)
Acquisition of treasury stock, at cost	(6,839)	(55,677)
Payment of cash dividends	(15,355)	(15,976)
Excess tax (cost) benefit related to share-based compensation	(960)	402
Payment of debt issuance costs	(86)	(36)
Net cash used in financing activities	(119,259)	(118,103)
Effect of exchange rate changes on cash and cash equivalents	232	(513)
Net change in cash and cash equivalents	(7,336)	7,235
Cash and cash equivalents, beginning of period	29,983	20,812
Cash and cash equivalents, end of period	\$ 22,647	\$ 28,047
Other Cash Flow Information:		
Income tax payments, net	\$ 27,821	\$ 53,704
Interest paid	19,607	16,032

See notes to condensed consolidated financial statements.

ESSENDANT INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The accompanying Condensed Consolidated Financial Statements represent Essendant Inc. (“ESND”) with its wholly owned subsidiary Essendant Co. (“ECO”), and ECO’s subsidiaries (collectively, “Essendant” or the “Company”). The Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States and include the accounts of ESND and its subsidiaries. All intercompany transactions and balances have been eliminated. The Company operates in a single reportable segment as a leading distributor of workplace essentials.

The accompanying Condensed Consolidated Financial Statements are unaudited. The Condensed Consolidated Balance Sheet as of December 31, 2015, was derived from the December 31, 2015 audited financial statements. The Condensed Consolidated Financial Statements have been prepared in accordance with the rules and regulations of the United States Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in financial statements, prepared in accordance with accounting principles generally accepted in the United States, have been condensed or omitted pursuant to such rules and regulations. Accordingly, the reader of this Quarterly Report on Form 10-Q should refer to the Company’s Annual Report on Form 10-K for the year ended December 31, 2015 (the “2015 Form 10-K”) for further information.

In the opinion of management, the accompanying unaudited consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position of Essendant at September 30, 2016 and the results of operations and cash flows for the nine months ended September 30, 2016 and 2015. The results of operations for the three and nine months ended September 30, 2016 should not necessarily be taken as indicative of the results of operations that may be expected for the entire year.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers*, that outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The ASU is based on the principle that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to fulfill a contract. Entities have the option of using either a full retrospective or a modified retrospective approach for the adoption of the new standard. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers*, which deferred the effective date of ASU No. 2014-09. This standard is effective for fiscal years beginning after December 15, 2017, including interim periods within that reporting period. The Company is currently evaluating the new guidance to determine the impact it will have on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, that requires lessees to recognize right-of-use assets and lease liabilities for all leases other than those that meet the definition of short-term leases. For short-term leases, lessees may elect an accounting policy by class of underlying asset under which these assets and liabilities are not recognized and lease payments are generally recognized over the lease term on a straight-line basis. This standard will be effective for annual periods beginning after December 15, 2018, including interim periods within that reporting period, and early application is permitted. The Company is currently evaluating the new guidance to determine the impact it will have on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation – Stock Compensation (Topic 718), Improvements to Employee Share-Based Payment Accounting*. Under the new guidance, when awards vest or are settled, companies are required to record excess tax benefits and tax deficiencies as income tax expense or benefit in the income statement instead of in additional paid-in capital (APIC). This guidance will be applied prospectively. Furthermore, companies will present excess tax benefits as an operating activity on the statement of cash flows rather than as a financing activity, which companies can elect to apply retrospectively or prospectively. Under the new guidance, companies will elect whether to account for forfeitures of share-based payments by recognizing forfeitures of awards as they occur or estimate the number of awards expected to be forfeited, as is currently required. This guidance will be applied using a modified retrospective transition method, with a cumulative adjustment to retained earnings. The standard will be effective for annual periods beginning after December 15, 2016, including interim periods within that reporting period, and early application is permitted. The Company is currently evaluating the new guidance to determine the impact it will have on its consolidated financial statements.

Inventory

Approximately 98.4% of total inventory as of September 30, 2016 and December 31, 2015, respectively, has been valued under the LIFO method. An actual valuation of inventory under the LIFO method can be made only at the end of each fiscal year based on the inventory levels and costs at that time. Interim LIFO calculations are based on management's estimates of expected year-end inventory levels and costs, and are subject to the final year-end LIFO inventory valuation. Inventory valued under the LIFO accounting method is recorded at the lower of cost or market. If the Company had valued its entire inventory under the lower of FIFO cost or market, inventory values would have been \$147.2 million and \$147.8 million higher than reported as of September 30, 2016 and December 31, 2015, respectively.

The change in the LIFO reserve in the third quarter of 2016 included a LIFO liquidation relating to decrements in five of the Company's thirteen LIFO pools. These decrements resulted in liquidation of LIFO inventory quantities carried at lower costs in prior years as compared with the cost of current year purchases. This liquidation resulted in LIFO income of \$2.3 million which was partially offset by LIFO expense of \$2.1 million related to current inflation for an overall net decrease in cost of sales of \$0.2 million for the three months ended September 30, 2016. For the three months ended September 30, 2015, the change in the method of inventory costing resulted in LIFO income of \$3.5 million which was partially offset by LIFO expense of \$0.8 million related to inflation for an overall net decrease in cost of sales of \$2.7 million. For the nine months ended September 30, 2016, the LIFO income of \$2.3 million related to the liquidation was more than offset by LIFO expense of \$3.2 million related to current inflation for an overall net increase in cost of sales of \$0.9 million.

2. Acquisitions

Nestor Sales LLC

On July 31, 2015, Essendant Co. completed the acquisition of 100% of the capital stock of Nestor Sales LLC ("Nestor"), a leading wholesaler and distributor of tools, equipment and supplies to the transportation industry. This acquisition accelerates the Company's growth in the automotive aftermarket, complements the Company's existing industrial offerings while providing access to new customer segments.

The purchase price was \$41.8 million. This acquisition was funded through a combination of cash on hand and cash available under the Company's revolving credit facility. Purchase accounting for this transaction was completed as of June 30, 2016.

At September 30, 2016, the allocation of the purchase price was as follows (amounts in thousands):

Purchase price, net of cash acquired	\$	39,983
Accounts receivable		9,230
Inventories		12,067
Other current assets		339
Property, plant and equipment, net		1,251
Other assets		752
Intangible assets		16,930
Total assets acquired		<u>40,569</u>
Accounts payable		4,992
Accrued liabilities		1,943
Deferred income taxes		3,287
Other long-term liabilities		76
Total liabilities assumed		<u>10,298</u>
Goodwill	\$	<u>9,712</u>

The purchased identifiable intangible assets were as follows (amounts in thousands):

	<u>Total</u>	<u>Estimated Life</u>
Customer relationships	\$ 15,570	13 years
Trademark	1,360	2-15 years
Total	<u>\$ 16,930</u>	

3. Sale-Leaseback On September 23, 2016, the Company entered into an agreement for the sale and leaseback of its facility in City of Industry, CA. The agreement provided for the sale of the facility for a purchase price of \$31.7 million and the subsequent leaseback for a two year period. The lease is classified as an operating lease. As a result, the Company recorded a gain of \$20.5 million in “warehousing, marketing and administrative expenses.” A deferred gain of approximately \$2.8 million that will be amortized into income over the term of the lease was also recorded. As of September 30, 2016, \$1.4 million of the deferred gain is reflected in the accompanying Consolidated Balance Sheet under “other long-term liabilities”, with the remainder included as a component of “other current liabilities”. The cash proceeds from the sale were used primarily to pay down long-term debt.

4. Share-Based Compensation

As of September 30, 2016, the Company has two active equity compensation plans. Under the 2015 Long-Term Incentive Plan (as amended and restated), award instruments include, but are not limited to, stock options, restricted stock awards, restricted stock units (“RSUs”), and performance-based awards. Associates and non-employee directors of the Company are eligible to become participants in the plan. The Nonemployee Directors’ Deferred Stock Compensation Plan allows non-employee directors to elect to defer receipt of all or a portion of their annual retainer in deferred stock units.

The Company granted 526,697 shares of restricted stock and 290,725 RSUs during the first nine months of 2016, compared to 440,948 shares of restricted stock and 162,092 RSUs during the first nine months of 2015.

5. Severance and Restructuring Charges

Commencing in the first quarter of 2015, the Company began certain restructuring actions which included workforce reductions and facility closures. Commencing in the fourth quarter of 2015, the Company executed actions to reduce costs through management delayering in order to achieve broader functional alignment of the organization. The charges associated with these actions were included in “warehousing, marketing and administrative expenses.”

The expenses, cash flows, and accrued liabilities associated with the restructuring actions described above are noted in the following table (in thousands):

	Expenses				Cash flow		Accrued Liabilities
	For the three months ended September 30,		For the nine months ended September 30,		For the nine months ended September 30,		As of September 30,
	2016	2015	2016	2015	2016	2015	2016
First quarter 2015 Actions							
Workforce reduction	\$ (0.5)	\$ -	\$ (0.5)	\$ 6.0			
Facility closure	\$ -	0.2	0.3	0.5			
Total	<u>\$ (0.5)</u>	<u>0.2</u>	<u>\$ (0.2)</u>	<u>\$ 6.5</u>	\$ 1.2	\$ 3.0	\$ 0.8
Fourth Quarter 2015 Action							
Workforce reduction	\$ (0.7)	N/A	\$ (0.7)	N/A	\$ 8.0	N/A	\$ 2.1

6. Goodwill and Intangible Assets

The changes in the carrying amount of goodwill are noted in the following table (in thousands):

Goodwill, balance as of December 31, 2015	\$	299,355
Purchase accounting adjustments		(1,858)
Currency translation adjustments		745
Goodwill, balance as of September 30, 2016	<u>\$</u>	<u>298,242</u>

The following table summarizes the intangible assets of the Company by major class of intangible assets and the cost, accumulated amortization, net carrying amount, and weighted average life, if applicable (in thousands):

	September 30, 2016				December 31, 2015			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Useful Life (years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Useful Life (years)
<u>Intangible assets subject to amortization</u>								
Customer relationships and other intangibles	\$ 137,678	\$ (59,545)	\$ 78,133	16	\$ 137,938	\$ (51,357)	\$ 86,581	16
Non-compete agreements	4,651	(4,260)	391	4	4,644	(4,260)	384	4
Trademarks	13,725	(5,363)	8,362	14	13,688	(4,240)	9,448	14
Total	<u>\$ 156,054</u>	<u>\$ (69,168)</u>	<u>\$ 86,886</u>		<u>\$ 156,270</u>	<u>\$ (59,857)</u>	<u>\$ 96,413</u>	

The following table summarizes the amortization expense to be incurred in 2016 through 2020 on intangible assets (in thousands):

Year	Amount
2016	\$ 12,242
2017	10,797
2018	8,054
2019	6,937
2020	6,934

7. Accumulated Other Comprehensive Income (Loss)

The change in Accumulated Other Comprehensive Income (Loss) ("AOCI") by component, net of tax, for the period ended September 30, 2016 was as follows (amounts in thousands):

	Foreign Currency Translation	Cash Flow Hedges	Defined Benefit Pension Plans	Total
AOCI, balance as of December 31, 2015	\$ (9,866)	\$ 146	\$ (47,871)	\$ (57,591)
Other comprehensive (loss) income before reclassifications	2,441	(579)	(3,946)	(2,084)
Settlement loss reclassified from AOCI	-	-	7,453	7,453
Amounts reclassified from AOCI	-	440	2,528	2,968
Net other comprehensive (loss) income	<u>2,441</u>	<u>(139)</u>	<u>6,035</u>	<u>8,337</u>
AOCI, balance as of September 30, 2016	<u>\$ (7,425)</u>	<u>\$ 7</u>	<u>\$ (41,836)</u>	<u>\$ (49,254)</u>

The following table details the amounts reclassified out of AOCI into the income statement during the three and nine months ended September 30, 2016 (in thousands):

Details About AOCI Components	Amount Reclassified From AOCI		Affected Line Item In The Statement Where Net Income is Presented
	For the Three Months Ended September 30, 2016	For the Nine Months Ended September 30, 2016	
Realized and unrealized gains (losses) on cash flow hedges			
Gain on interest rate swap, before tax	\$ 249	\$ 789	Interest expense, net
Loss on foreign exchange hedges, before tax	-	(70)	Cost of goods sold
	(96)	(279)	Tax provision
	<u>\$ 153</u>	<u>\$ 440</u>	Net of tax
Defined benefit pension plan items			
Amortization of prior service cost and unrecognized loss	\$ 1,237	\$ 4,125	Warehousing, marketing and administrative expenses
Settlement loss	419	12,163	Defined benefit plan settlement loss
	(641)	(6,307)	Tax provision
	<u>1,015</u>	<u>9,981</u>	Net of tax
Total reclassifications for the period, net of tax	<u>\$ 1,168</u>	<u>\$ 10,421</u>	

8. Earnings Per Share

Basic earnings per share ("EPS") is computed by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if dilutive securities were exercised into common stock. Stock options, restricted stock, restricted stock units and deferred stock units are considered dilutive securities. For the three-month period ending September 30, 2016 and 2015, 0.3 and 0.4 million shares of such securities, respectively, were outstanding but were not included in the computation of diluted earnings per share because the effect would be antidilutive. For the nine-month period ending September 30, 2016, 0.3 million shares of securities were excluded from the computation. For the nine-month period September 30, 2015, no shares of securities were excluded from the computation. The following table sets forth the computation of basic and diluted earnings per share (in thousands, except per share data):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	2015	2016	2015
Numerator:				
Net income	\$ 36,742	\$ 27,667	\$ 66,205	\$ 51,492
Denominator:				
Denominator for basic earnings per share - weighted average shares	36,578	37,300	36,560	37,724
Effect of dilutive securities:				
Employee stock options and restricted stock	<u>360</u>	<u>308</u>	<u>336</u>	<u>385</u>
Denominator for diluted earnings per share - Adjusted weighted average shares and the effect of dilutive securities	<u>36,938</u>	<u>37,608</u>	<u>36,896</u>	<u>38,109</u>
Net income per share:				
Net income per share - basic	\$ 1.00	\$ 0.74	\$ 1.81	\$ 1.36
Net income per share - diluted	\$ 0.99	\$ 0.74	\$ 1.79	\$ 1.35

Common Stock Repurchases

As of September 30, 2016, the Company had Board authorization to repurchase \$68.2 million of common stock. During the three months ended September 30, 2016, the Company did not repurchase any shares of its common stock. For the same period in the prior year, the Company repurchased 744,081 shares at an aggregate cost of \$25.9 million. During the nine months ended September 30, 2016 and 2015, the Company repurchased 241,270 and 1,525,222 shares of the Company's common stock at an aggregate cost of \$6.8 million and \$57.4 million, respectively. Depending on market and business conditions and other factors, the Company may continue or suspend purchasing its common stock at any time without notice. Acquired shares are included in the issued shares of the Company and treasury stock, but are not included in average shares outstanding when calculating earnings per share data. During the first nine months of 2016 and 2015, the Company reissued 452,286 and 369,591 shares, respectively, of treasury stock to fulfill its obligations under its equity incentive plans.

9. Debt

ESND is a holding company and, as a result, its primary sources of funds are cash generated from operating activities of its direct operating subsidiary, ECO, and from borrowings by ECO. The 2013 Credit Agreement, the 2013 Note Purchase Agreement, and the Receivables Securitization Program (each as defined in Note 11 of the 2015 Form 10-K) (each a "Lending Agreement") contain restrictions on the use of cash transferred from ECO to ESND. Each of the Lending Agreements also prohibits the Company from exceeding a Leverage Ratio (as defined in the 2013 Credit Agreement and the 2013 Note Purchase Agreement). The maximum Leverage Ratio is 3.50 to 1.00 but increases to up to 4.00 to 1.00 for the first four fiscal quarters (the "Adjusted Leverage Period") following certain acquisitions. Following the 2015 acquisition of Nestor Sales, an Adjusted Leverage period was applicable through the quarter ended June 30, 2016. On August 30, 2016, the Lending Agreements were amended to extend the Adjusted Leverage Period for two additional quarters. As a result, the maximum permitted Leverage Ratio remains at 4.00 to 1.00 but will revert to 3.50 to 1.00 for the quarter ending March 31, 2017.

Debt consisted of the following amounts (in millions):

	As of September 30, 2016	As of December 31, 2015
2013 Credit Agreement	\$ 271.8	\$ 368.4
2013 Note Purchase Agreement	150.0	150.0
Receivables Securitization Program	200.0	200.0
Mortgage & Capital Lease	0.1	0.1
Transaction Costs	(1.7)	(2.2)
Total	<u>\$ 620.2</u>	<u>\$ 716.3</u>

As of September 30, 2016, 75.9% of the Company's outstanding debt, excluding capital leases and transaction costs, was priced at variable interest rates based primarily on the applicable bank prime rate or London InterBank Offered Rate ("LIBOR").

The Company had outstanding letters of credit of \$11.2 million and \$11.6 million under the 2013 Credit Agreement as of September 30, 2016 and December 31, 2015, respectively.

As of September 30, 2016, the applicable margin under the 2013 Credit Agreement was 2.00% for LIBOR-based loans and was 1.00% for Alternate Base Rate loans. Interest under the 2013 Note Purchase Agreement is payable semi-annually at a rate per annum equal to 3.75% (3.66% after the effect of terminating an interest rate swap), except the annual rate increases by 0.625% if the Company's Leverage Ratio is between 3.50 to 1.00 and 3.75 to 1.00, and increases by 0.75% if the Leverage Ratio is between 3.75 to 1.00 and 4.00 to 1.00. The Company's Leverage Ratio was 3.51 to 1.00 as of June 30, 2016 and was 2.77 to 1.00 as of September 30, 2016.

As of September 30, 2016 and December 31, 2015, \$552.9 million and \$448.6 million, respectively, of receivables had been sold to the Investors (as defined in Note 11 to the Company's Consolidated Financial Statements in the 2015 Form 10-K). Essendant Receivables LLC had \$200.0 million outstanding under the Receivables Securitization Program as of September 30, 2016 and December 31, 2015.

For additional information about the 2013 Credit Agreement, the 2013 Note Purchase Agreement, and the Receivables Securitization Program, see Note 11 of the 2015 Form 10-K.

10. Pension and Post-Retirement Benefit Plans

The Company maintains pension plans covering union and certain non-union employees. For more information on the Company's retirement plans, see Note 13 to the Company's Consolidated Financial Statement in the 2015 Form 10-K. A summary of net periodic pension cost related to the Company's pension plans for the three and nine months ended September 30, 2016 and 2015 was as follows (dollars in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	2015	2016	2015
Service cost - benefit earned during the period	\$ 318	\$ 321	\$ 952	\$ 1,121
Interest cost on projected benefit obligation	1,806	2,208	6,322	6,748
Expected return on plan assets	(2,219)	(2,803)	(7,484)	(8,413)
Amortization of prior service cost	74	72	222	222
Amortization of actuarial loss	1,163	1,501	3,903	4,401
Settlement loss	419	-	12,163	-
Net periodic pension cost	<u>\$ 1,561</u>	<u>\$ 1,299</u>	<u>\$ 16,078</u>	<u>\$ 4,079</u>

The Company made cash contributions of \$10.0 million and \$2.0 million to its pension plans during the nine months ended September 30, 2016 and 2015, respectively. Additional contributions, if any, for 2016 have not yet been determined. As of September 30, 2016 and December 31, 2015, respectively, the Company had accrued \$44.7 million and \$48.4 million of pension liability within "Other long-term liabilities" on the Condensed Consolidated Balance Sheets.

During 2016, the Company has taken several actions to mitigate the interest rate, mortality and investment risks of the Essendant Pension Plan. These actions include a limited-time voluntary lump-sum pension offering to eligible, terminated, vested plan participants that was completed during the second quarter.

As a result of the lump sum offer, a settlement and rereasurement of the Essendant Pension Plan was performed. The rereasurement and activity in the first nine months of 2016 had no cash impact to the Company since the payments were made by the Essendant Pension Trust, and resulted in a \$1.5 million improvement to the net funded status of the plan, therefore reducing other long-term liabilities. However, the settlement caused a loss of \$12.2 million, which was partially offset by the \$8.4 million reduction in Accumulated Other Comprehensive Income related to the unrecognized actuarial loss, for a net impact on shareholders' equity of \$3.8 million as of September 30, 2016 when compared to December 31, 2015. This offer also reduces future pension expense recognized by the Company and volatility related to future obligations of the plan.

Defined Contribution Plan

The Company has defined contribution plans covering certain salaried associates and non-union hourly paid associates (the "Plan"). The Plan permits associates to defer a portion of their pre-tax and after-tax salary as contributions to the Plan. The Plan also provides for Company-funded discretionary contributions as well as matching associates' salary deferral contributions, at the discretion of the Board of Directors. The Company recorded expense of \$1.8 million and \$5.5 million, respectively, for the Company match of employee contributions to the Plan for the three and nine months ended September 30, 2016. During the same periods last year, the Company recorded expense of \$1.5 million and \$4.4 million to match employee contributions.

11. Fair Value Measurements

The Company measures certain financial assets and liabilities, including interest rate swap and foreign currency derivatives, at fair value on a recurring basis, based on market rates of the Company's positions and other observable interest rates. The fair value of the interest rate swaps is determined by using quoted market forward rates (level 2 inputs) and reflects the present value of the amount the Company would pay for contracts involving the same notional amount and maturity date. The fair value of the foreign currency cash flow hedge is determined by using quoted market spot rates (level 2 inputs).

Accounting guidance on fair value establishes a hierarchy for those instruments measured at fair value which distinguishes between assumptions based on market data (observable inputs) and the Company's own assumptions (unobservable inputs). The hierarchy consists of three levels:

- Level 1—Quoted market prices in active markets for identical assets or liabilities;
- Level 2—Inputs other than Level 1 inputs that are either directly or indirectly observable; and
- Level 3—Unobservable inputs developed using estimates and assumptions developed by the Company which reflect those that a market participant would use.

Determining which level to apply to an asset or liability requires significant judgment. The Company evaluates its hierarchy disclosures each quarter. The following table summarizes the financial instruments measured at fair value in the accompanying Condensed Consolidated Balance Sheets as of September 30, 2016 and December 31, 2015 (in thousands):

Fair Value Measurements as of September 30, 2016				
	Total	Quoted Market Prices in Active Markets for Identical Assets or Liabilities Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets				
Foreign exchange hedges	\$ 95	\$ -	\$ 95	\$ -
Liabilities				
Interest rate swap	\$ 501	\$ -	\$ 501	\$ -
Foreign exchange hedges	30	-	30	-
	<u>\$ 531</u>	<u>\$ -</u>	<u>\$ 531</u>	<u>\$ -</u>
Fair Value Measurements as of December 31, 2015				
	Total	Quoted Market Prices in Active Markets for Identical Assets or Liabilities Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets				
Foreign exchange hedges	\$ 91	\$ -	\$ 91	\$ -
Liabilities				
Interest rate swap	\$ 469	\$ -	\$ 469	\$ -

The carrying amount of accounts receivable at September 30, 2016, including \$552.9 million of receivables sold under the Receivables Securitization Program, approximates fair value because of the short-term nature of this item.

No assets or liabilities were measured at fair value on a nonrecurring basis.

12. Other Assets and Liabilities

Receivables related to supplier allowances totaling \$93.4 million and \$111.0 million were included in "Accounts receivable" in the Condensed Consolidated Balance Sheets as of September 30, 2016 and December 31, 2015, respectively.

Accrued customer rebates of \$64.3 million and \$63.6 million as of September 30, 2016 and December 31, 2015, respectively, were included in "Accrued liabilities" in the Condensed Consolidated Balance Sheets.

13. Income Taxes

The Company's tax provision for interim periods is determined using an estimate of its annual effective tax rate, adjusted for discrete items.

For the three and nine months ended September 30, 2016, the Company recorded income tax expense of \$17.1 million and \$34.9 million on pre-tax income of \$53.8 million and \$101.1 million, for an effective tax rate of 31.8% and 34.5%, respectively. For the three and nine months ended September 30, 2015, the Company recorded income tax expense of \$20.0 million and \$42.6 million on pre-tax income of \$47.7 million and \$94.1 million, for an effective tax rate of 42.0% and 45.3%, respectively.

The Company's U.S. statutory rate is 35.0%. The most significant factor impacting the effective tax rate for the three and nine months ended September 30, 2016 was the discrete tax impact of the payment of a dividend from a foreign subsidiary. The most significant factors impacting the effective tax rate for the three and nine months ended September 30, 2015 were the discrete tax impacts of the impairment charges and the establishment of a valuation allowance on a capital loss asset for financial reporting purposes related to selling a non-strategic business in the third quarter.

14. Legal Matters

The Company has been named as a defendant in two lawsuits alleging that the Company sent unsolicited fax advertisements to the named plaintiffs, as well as other persons and entities, in violation of the Telephone Consumer Protection Act of 1991, as amended by the Junk Fax Prevention Act of 2005 ("TCPA"). One lawsuit was initially filed in the United States District Court for the Central District of California on May 1, 2015 and has been dismissed without prejudice and refiled in the United States District Court for the Northern District of Illinois. The other lawsuit was filed in the United States District Court for the Northern District of Illinois on January 14, 2016. In both lawsuits the plaintiffs filed a motion asking the Court to certify a class of plaintiffs comprised of persons and entities who allegedly received fax advertisements from the Company. Under the TCPA, recipients of unsolicited fax advertisements can seek damages of \$500 per fax for inadvertent violations and up to \$1,500 per fax for knowing and willful violations. Other reported TCPA lawsuits have resulted in a broad range of outcomes, with each case being dependent on its own unique set of facts and circumstances. In each lawsuit, the Company is vigorously contesting class certification and denies that any violations occurred. Litigation of this kind, however, is likely to lead to settlement negotiations, including negotiations prompted by pre-trial civil court procedures. Regardless of whether the lawsuits are resolved at trial or through settlement, the Company believes that a loss associated with resolution of pending claims is probable. However, the amount of any such loss, which could be material, cannot be reasonably estimated because the Company is continuing to evaluate its defenses based on its internal review and investigation of prior events, new information and future circumstances.

The Company is also involved in other legal proceedings arising in the ordinary course of or incidental to its business. The Company has established reserves, which are not material, for potential losses that are probable and reasonably estimable that may result from those proceedings. In many cases, however, it is difficult to determine whether a loss is probable or even possible or to estimate the amount or range of potential loss, particularly where proceedings may be in relatively early stages or where plaintiffs are seeking substantial or indeterminate damages. Matters frequently need to be more developed before a loss or range of loss can reasonably be estimated. The Company believes that such ordinary course legal proceedings will be resolved with no material adverse effect upon its financial condition or results of operations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. Forward-looking statements often contain words such as "expects," "anticipates," "estimates," "intends," "plans," "believes," "seeks," "will," "is likely," "scheduled," "positioned to," "continue," "forecast," "predicting," "projection," "potential" or similar expressions. Forward-looking statements include references to goals, plans, strategies, objectives, projected costs or savings, anticipated future performance, results or events and other statements that are not strictly historical in nature. These forward-looking statements are based on management's current expectations, forecasts and assumptions. This means they involve a number of risks and uncertainties that could cause actual results to differ materially from those expressed or implied here. These risks and uncertainties include, without limitation, those set forth in Item 1A. "Risk Factors" in the Company's Annual Report on Form 10-K for the year-ended December 31, 2015 (the "2015 Form 10-K") and in Item 1A. "Risk Factors" in this Quarterly Report on Form 10-Q.

Readers should not place undue reliance on forward-looking statements contained in this Quarterly Report on Form 10-Q. The forward-looking information herein is given as of this date only, and the Company undertakes no obligation to revise or update it.

Company Overview

Essendant Inc. is a leading supplier of workplace essentials, with 2015 net sales of approximately \$5.4 billion. Essendant Inc. stocks over 180,000 items and is a leading national wholesale distributor of workplace items including traditional office products and office furniture, janitorial, sanitation and breakroom supplies, technology products, industrial supplies, and automotive aftermarket tools and equipment. These items include a broad spectrum of manufacturer-branded and private branded products. Essendant sells through a network of 71 distribution centers to approximately 30,000 reseller customers, who in turn sell directly to end consumers. The Company also operates CPO Commerce which sells power tools and outdoor equipment online to the consumer market and construction professionals.

We have begun implementing the first phase of a comprehensive multi-year transformation program to improve the value of our business, which includes:

- Winning back lost revenue in the JanSan distributor channel
- Aligning pricing with the cost to serve
- Enhancing our merchandising efforts through better sourcing and assortment
- Driving productivity and reducing costs
- Diversifying the industrial channel

Key Trends and Recent Results

The following is a summary of selected trends, events or uncertainties that the Company believes may have a significant impact on its future performance.

Third Quarter Results

- Third quarter net sales increased 1.1%, from the prior-year quarter to \$1.4 billion.
- Gross profit as a percent of net sales in the third quarter of 2016 was 14.1% versus 16.2% in the prior-year quarter. Gross profit for the third quarter of 2016 was \$198.9 million, compared to \$225.1 million in the third quarter of 2015.
- Operating expenses in the third quarter of 2016 were \$138.5 million or 9.8% of net sales, compared with \$172.2 million or 12.4% of net sales in the prior-year quarter, including impacts of the Company's Actions impacting comparability of results (collectively, the "Actions") discussed below. Adjusted operating expenses in the third quarter of 2016 were \$158.6 million or 11.3% of net sales compared to \$158.6 million or 11.4% of net sales in the prior-year quarter. Refer to the Adjusted Operating Expenses, Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, Adjusted Earnings Per Share and Free Cash Flow table (the "Non-GAAP table") included later in this section for more detail.
- Operating income for the quarter ended September 30, 2016 was \$60.3 million or 4.3% of net sales, compared with \$53.0 million or 3.8% of net sales in the prior year quarter, including impacts of the Actions discussed below. Excluding the Actions, adjusted operating income in the third quarter of 2016 was \$40.2 million or 2.9% of net sales, versus \$66.5 million or 4.8% of net sales in the third quarter of 2015.
- Diluted earnings per share for the third quarter of 2016 increased to \$0.99 from \$0.74 in the prior year quarter, including the impacts of the Actions discussed below. Adjusted diluted earnings per share were \$0.57 compared with \$1.00 in the prior-year period.
- Cash flows provided by operating activities for the nine months ended September 30, 2016 were \$106.0 million versus \$183.7 million in the prior year quarter.
 - Inventory decreased \$73.7 million compared to a decrease of \$54.4 million in the prior year.
 - Accounts payable increased \$8.9 million compared to an increase of \$50.4 million in the prior year.
 - Dealer rebate prepayments increased \$34.5 million compared to an increase of \$10.8 million in the prior year.
- Cash flow provided by investing activities improved \$63.5 million compared to the prior year due to proceeds of \$31.0 million from the 2016 sale of our City of Industry facility. In addition, there were no acquisitions in 2016 compared to acquisitions totaling \$40.5 million in the prior year.

Actions impacting comparability of results (the "Actions")

- In the third quarter of 2016, the Company entered into a two-year operating lease agreement in connection with the disposition of its City of Industry facility. The sale of the facility resulted in a \$20.5 million gain. Refer to Note 3 for further details of this transaction.
- In the third quarter of 2016, the Company incurred charges of \$1.2 million related to severance costs for two members of the Company's operating leadership team.
- A voluntary lump-sum pension offering was completed in the second quarter of 2016 and resulted in a significant reduction of interest rate, mortality and investment risk of the Essendant Pension Plan. Due to this offer, a settlement and remeasurement of the Essendant Pension Plan was required as of August 31, 2016 and May 31, 2016, resulting in a defined benefit plan settlement loss of \$0.4 million and \$12.2 million, respectively, for the three and nine months ended September 30, 2016. Refer to Note 10 "Pension and Post-Retirement Benefit Plans", for further information on the remeasurement and voluntary lump sum program.
- Restructuring actions were taken in 2015 to improve our operational utilization, labor spend, inventory performance and functional alignment of the organization. This included workforce reductions and facility consolidations with an unfavorable impact of \$0.2 million in the three months ended September 30, 2015 and an unfavorable \$6.5 million in the first nine months of 2015. In the three months and nine months ended September 30, 2016, the impact of these actions totaled a favorable \$1.2 million and \$1.0 million, respectively, due to the release of severance accruals.
- On June 1, 2015, we officially rebranded the Company to Essendant Inc. to communicate the Company's strategy in a consistent manner. When we announced in the first quarter of 2015 our decision to rebrand the company, the ORS Nasco trademark and certain OKI brands were determined to be impaired. Pre-tax, non-cash, impairment charges and accelerated amortization totaling \$11.5 million were recorded in the first nine months of 2015.
- In the third quarter of 2015, seller notes receivable of \$10.7 million related to the 2014 sale of the Company's software service provider were impaired.
- In 2015 we exited non-strategic channels to further align our product categories and channels with our strategies, including the sale of Azerty de Mexico, our operations in Mexico. The total charges in the first nine months of 2015 related to the disposition of this subsidiary were \$17.0 million. In the first nine months of 2015, this subsidiary had net sales of \$50.1 million and operating loss of \$0.8 million, excluding the charges previously mentioned.

Guidance

The Company revised its guidance regarding 2016, and currently expects the following:

- Total company net sales in the range of \$5.325 billion to \$5.375 billion
- Adjusted diluted earnings per share in the range of \$1.75 to \$1.90
- Free cash flow greater than \$150 million in the second half of 2016

Adjusted diluted earnings per share and free cash flow are non-GAAP measures. A quantitative reconciliation of our non-GAAP guidance to the corresponding GAAP information is not available because the non-GAAP guidance excludes certain GAAP information that is uncertain and difficult to predict.

The adjusted diluted earnings per share guidance excludes income in the first nine months of 2016 of \$0.22 per share related to a settlement charge for the defined benefit plan, gain on sale of City of Industry facility, severance costs for operating leadership, restructuring charges, and non-GAAP tax provision. Actual amounts for these measures for the three and nine months ended September 30, 2016 appear in the Non-GAAP table included later in this section. For the remainder of the year, the factors that will be excluded are currently unknown due to the level of unpredictability and uncertainty associated with these items, but may include actions such as gain or loss on future sales of assets or businesses, future restructuring charges, non-GAAP tax adjustments, cash flow impacts of acquisitions, and other actions.

For a further discussion of selected trends, events or uncertainties the Company believes may have a significant impact on its future performance, readers should refer to “Key Trends and Recent Results” under Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the 2015 Form 10-K.

Critical Accounting Policies, Judgments and Estimates

In the third quarter of 2016, there were no significant changes to the Company’s critical accounting policies, judgments or estimates from those disclosed in the 2015 Form 10-K.

Adjusted Operating Expenses, Adjusted Operating Income, Adjusted Net Income, Adjusted Diluted Earnings Per Share, Adjusted EBITDA and Free Cash Flow (the “Non-GAAP table”)

The Non-GAAP table below presents Adjusted Operating Expenses, Adjusted Operating Income, Adjusted Net Income, Adjusted Diluted Earnings per Share, Adjusted EBITDA and Free Cash Flow for the three and nine months ended September 30, 2016 and 2015 (in thousands, except per share data). These non-GAAP measures exclude certain non-recurring items and exclude other items that do not reflect the Company’s ongoing operations and are included to provide investors with useful information about the financial performance of our business. The presented non-GAAP financial measures should not be considered in isolation or as substitutes for the comparable GAAP financial measures. The non-GAAP financial measures do not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP, and these non-GAAP financial measures should only be used to evaluate our results of operations in conjunction with the corresponding GAAP financial measures.

In order to calculate the non-GAAP measures, management excludes the following items to facilitate the comparison of current and prior year results and ongoing operations, as management believes these items do not reflect the underlying cost structure of our business. These items can vary significantly in amount and frequency.

- **Restructuring charges.** Workforce reduction and facility closure charges such as employee termination costs, facility closure and consolidation costs, and other costs directly associated with shifting business strategies or business conditions that are part of a restructuring program.
The Company commenced two such restructuring programs during 2015 (refer to Note 5).
- **Gain or loss on sale of assets or businesses.** Sales of assets, such as buildings or equipment, and businesses can cause gains or losses. These transactions occur as the Company is repositioning its business and reviewing its cost structure.
The Company recognized a gain on the sale of its City of Industry facility in the third quarter of 2016 (refer to Note 3), a loss on the sale and related impairment of intangible assets of the operations in Mexico in 2015, and a loss on the sale and related impairment of intangible assets of its software subsidiary in 2014, recording an impairment of the seller notes in the third quarter of 2015.
Due to the sale of the City of Industry facility, the Company was able to utilize its capital loss carryforwards. This utilization resulted in the release of the valuation allowance previously established against the deferred tax asset. The \$5.0 million tax benefit from the release of the valuation allowance reduced the effective tax rate for the three and nine months ended September 30, 2016, by 9.2% and 4.9%, respectively.
- **Severance costs for operating leadership.** Employee termination costs related to members of the Company’s operating leadership team are excluded as they are based upon individual agreements.
Two operating leaders were severed from the Company in the third quarter of 2016, which were not part of a restructuring program.
- **Asset impairments.** Changes in strategy or macroeconomic events may cause asset impairments.
The Company recorded impairment and accelerated amortization of its trademarks upon the announcement of its rebranding effort in 2015.
- **Other actions.** Actions, which may be non-recurring events, that result from the changing strategies and needs of the Company and do not reflect the underlying expense of the ongoing business. These charges include items such as settlement charges related to the defined benefit plan settlement in 2016 (refer to Note 10) and the tax impact of the dividend from a foreign subsidiary (refer to Note 13).

Adjusted operating expenses and adjusted operating income. Adjusted operating expenses and adjusted operating income provide management and our investors with an understanding of the results from the primary operations of our business by excluding the effects of items described above that do not reflect the ordinary expenses and earnings of our operations. Adjusted operating expenses and adjusted operating income are used to evaluate our period-over-period operating performance as they are more comparable measures of our continuing business. These measures may be useful to an investor in evaluating the underlying operating performance of our business.

Adjusted net income and adjusted diluted earnings per share. Adjusted net income and adjusted diluted earnings per share provide a more comparable view of our Company’s underlying performance and trends than the comparable GAAP measures. Net income and diluted earnings per share are adjusted for the effect of items described above that do not reflect the ordinary earnings of our operations.

Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA). Adjusted EBITDA is helpful in evaluating our operating performance and is used by management for various purposes, including as a measure of performance and as a basis for strategic planning and forecasting. Net income is adjusted for the effect of interest, taxes, depreciation and amortization and stock-based compensation expense. Management believes that adjusted EBITDA is also commonly used by investors to evaluate operating performance between competitors because it helps reduce variability caused by differences in capital structures, income taxes, stock-based compensation accounting policies, and depreciation and amortization policies.

Free cash flow. Free cash flow is useful to management and our investors as it is a measure of the Company's liquidity. It provides a more complete understanding of factors and trends affecting our cash flows than the comparable GAAP measure. Net cash provided by (used in) operating activities and net cash provided by (used in) investing activities are aggregated and adjusted to exclude the non-cash impact of acquisitions and divestitures.

	For the Three Months Ended September 30,	
	2016	2015
Operating expenses	\$ 138,526	\$ 172,159
Settlement charge related to the defined benefit plan (Note 10)	(419)	-
Gain on sale of City of Industry facility (Note 3)	20,541	-
Severance costs for operating leadership	(1,245)	-
Restructuring charges (Note 5)	1,210	(200)
Impairment of assets and accelerated amortization related to rebranding	-	(511)
Impairment of seller notes	-	(10,738)
Loss on sale of Mexico business and related costs	-	(2,072)
Adjusted operating expenses	<u>\$ 158,613</u>	<u>\$ 158,638</u>
Operating income	\$ 60,328	\$ 52,984
Operating expense adjustments noted above	(20,087)	13,521
Adjusted operating income	<u>\$ 40,241</u>	<u>\$ 66,505</u>
Net income	\$ 36,742	\$ 27,667
Operating expense adjustments noted above	(20,087)	13,521
Non-GAAP tax provision on adjustments		
Settlement charge related to the defined benefit plan (Note 10)	(158)	-
Gain on sale of City of Industry facility (Note 3)	2,789	-
Severance costs for operating leadership	(469)	-
Restructuring charges (Note 5)	456	(76)
Dividend from a foreign subsidiary (Note 13)	1,666	-
Impairment of assets and accelerated amortization related to rebranding	-	(194)
Impairment of seller notes	-	(4,080)
Loss on sale of Mexico business and related costs	-	846
Adjusted net income	<u>\$ 20,939</u>	<u>\$ 37,684</u>
Diluted earnings per share	\$ 0.99	\$ 0.74
Operating expense adjustments noted above	(0.54)	0.36
Non-GAAP tax provision on adjustments	0.12	(0.10)
Adjusted diluted earnings per share	<u>\$ 0.57</u>	<u>\$ 1.00</u>
Net income	\$ 36,742	\$ 27,667
Provision for income taxes	17,102	20,017
Interest expense, net	6,484	5,300
Depreciation and amortization	10,046	10,424
Equity compensation expense	1,355	3,179
Operating expense adjustments noted above	(20,087)	13,521
Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA)	<u>\$ 51,642</u>	<u>\$ 80,108</u>
Net cash provided by operating activities	\$ 121,952	\$ 62,811
Net cash provided by (used in) investing activities	22,280	(45,363)
Less: Acquisition, net of cash acquired	-	39,939
Add: Sale of equity investment	-	(612)
Free cash flow	<u>\$ 144,232</u>	<u>\$ 56,775</u>

	For the Nine Months Ended September 30,	
	2016	2015
Operating expenses	\$ 475,573	\$ 526,653
Settlement charge related to the defined benefit plan (Note 10)	(12,163)	-
Gain on sale of City of Industry facility (Note 3)	20,541	-
Severance costs for operating leadership	(1,245)	-
Restructuring charges (Note 5)	956	(6,495)
Impairment of assets and accelerated amortization related to rebranding	-	(11,485)
Impairment of seller notes	-	(10,738)
Loss on sale of Mexico business and related costs	-	(16,999)
Adjusted operating expenses	<u>\$ 483,662</u>	<u>\$ 480,936</u>
Operating income	\$ 119,186	\$ 109,004
Operating expense adjustments noted above	(8,089)	45,717
Adjusted operating income	<u>\$ 111,097</u>	<u>\$ 154,721</u>
Net income	\$ 66,205	\$ 51,492
Operating expense adjustments noted above	(8,089)	45,717
Non-GAAP tax provision on adjustments		
Settlement charge related to the defined benefit plan (Note 10)	(4,574)	-
Gain on sale of City of Industry facility (Note 3)	2,789	-
Severance costs for operating leadership	(469)	-
Restructuring charges (Note 5)	357	(2,468)
Dividend from a foreign subsidiary (Note 13)	1,666	-
Impairment of assets and accelerated amortization related to rebranding	-	(4,364)
Impairment of seller notes	-	(4,080)
Loss on sale of Mexico business and related costs	-	49
Adjusted net income	<u>\$ 57,885</u>	<u>\$ 86,346</u>
Diluted earnings per share	\$ 1.79	\$ 1.35
Operating expense adjustments noted above	(0.22)	1.20
Non-GAAP tax provision on adjustments	-	(0.29)
Adjusted diluted net income per share	<u>\$ 1.57</u>	<u>\$ 2.26</u>
Net income	\$ 66,205	\$ 51,492
Provision for income taxes	34,923	42,594
Interest expense, net	18,058	14,918
Depreciation and amortization	30,500	31,356
Equity compensation expense	7,044	6,447
Operating expense adjustments noted above	(8,089)	45,717
Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA)	<u>\$ 148,641</u>	<u>\$ 192,524</u>
Net cash provided by operating activities	\$ 105,968	\$ 183,659
Net cash provided by (used in) investing activities	5,723	(57,808)
Less: Acquisitions, net of cash acquired	-	(40,471)
Add: Sale of equity investment	-	612
Free cash flow	<u>\$ 111,691</u>	<u>\$ 85,992</u>

Results of Operations—Three Months Ended September 30, 2016 Compared with the Three Months Ended September 30, 2015

Net Sales. Net sales for the third quarter of 2016 were \$1.4 billion. The following table summarizes net sales by product category for the three-month periods ended September 30, 2016 and 2015 (in thousands):

	For the Three Months Ended September 30,	
	2016	2015 ⁽¹⁾
Janitorial and breakroom supplies (JanSan)	\$ 372,880	\$ 377,763
Technology products	345,649	343,303
Traditional office products	239,964	236,258
Industrial supplies	139,822	146,769
Cut sheet paper	106,589	83,543
Automotive	78,618	75,633
Office furniture	82,216	87,731
Freight revenue	34,731	33,264
Services, Advertising and Other	7,035	7,281
Total net sales	<u>\$ 1,407,504</u>	<u>\$ 1,391,545</u>

(1) Certain prior period amounts have been reclassified to conform to the current presentation. Such changes include reclassification of specific products to different product categories and did not impact the Condensed Consolidated Statements of Income. All percentage presentations described below are based on the reclassified amounts.

Net sales in the janitorial and breakroom supplies (JanSan) product category decreased 1.3% in the third quarter of 2016 compared to the third quarter of 2015. This category accounted for 26.5% of the Company's second quarter 2016 consolidated net sales. Sales in this category declined due to lower volumes in independent distributor channels.

Net sales in the technology products category (primarily ink and toner) increased 0.7% from the third quarter of 2015. This category accounted for 24.6% of net sales for the third quarter of 2016. Excluding our Mexican subsidiary, which was sold in the third quarter of 2015, net sales in this category increased 3.2% compared to the prior year quarter, which was driven by sales to new customers.

Net sales of traditional office products increased in the third quarter of 2016 by 1.6% versus the third quarter of 2015. Traditional office supplies represented 17.0% of the Company's consolidated net sales for the third quarter of 2016. The sales increase was driven by an increase in sales in independent dealer channels as we have increased our share in this channel with new key customer acquisitions.

Industrial supplies net sales in the third quarter of 2016 decreased by 4.7% compared to the same prior-year period. Net sales of industrial supplies accounted for 9.9% of the Company's net sales for the third quarter of 2016. Growth in retail channel sales partially offset the decline in industrial supplies net sales driven by challenges in the oilfield and welding sector and macro-economic environment.

Net sales in the cut sheet paper category increased in the third quarter of 2016 by 27.6% compared to the third quarter of 2015. Cut sheet paper net sales accounted for 7.6% of the Company's net sales for the third quarter of 2016. The increase in this category was driven by increased sales in the independent dealer channels.

Automotive net sales in the third quarter of 2016 increased 3.9% compared to the third quarter of 2015. Automotive net sales represented 5.6% of the Company's third quarter of 2016 net sales. This increase was due to the acquisition of Nestor which contributed an additional \$3.8 million in net sales in the third quarter of 2016.

Office furniture net sales in the third quarter of 2016 decreased 6.3% compared to the third quarter of 2015. Office furniture accounted for 5.8% of the Company's third quarter of 2016 consolidated net sales. This decline was due to declines in sales in national accounts and independent dealer channels.

The remainder of the Company's third quarter 2016 net sales were composed of freight and other revenues.

Gross Profit and Gross Margin Rate. Gross profit for the third quarter of 2016 was \$198.9 million, compared to \$225.1 million in the third quarter of 2015. The gross margin rate of 14.1% was down 210 basis points (bps) from the prior-year quarter gross margin rate of 16.2%. Our gross margin declined primarily due to reduced supplier allowances related to inventory reductions and customer and product mix. We also experienced higher freight cost due to new sales and growth of larger customers, and inventory expense increase due to the 2015 favorability related to a LIFO conversion. Our sales to larger resellers are generally at lower margins than sales to our smaller resellers. Sales to new customers tend to be lower margin but mature over time. Lower margin categories of sales include cut-sheet paper and technology, while JanSan office products, furniture and industrial are higher margin categories.

Operating Expenses. Operating expenses for the third quarter of 2016 were \$138.5 million or 9.8% of net sales, compared to \$172.2 million or 12.4% of net sales in the prior year. The \$33.7 million decline was driven by the gain on sale of the City of Industry facility (refer to Note 3) as well as the impairment of seller notes in 2015. Adjusted operating expenses were \$158.6 million or 11.3% of net sales compared with \$158.6 million or 11.4% of net sales in the same period last year, reflecting the recognition of previously capitalized costs related to inventory reduction and incremental variable labor costs, offset by actions to reduce salary expense, discretionary spend and lower incentive compensation. We expect to realize future savings through continued rationalization of our distribution center network, realization of process improvements in our distribution centers and our infrastructure, and optimization of our fleet and delivery structure to match the changing business that we are supporting.

Interest Expense, net. Interest expense, net for the third quarter of 2016 was \$6.5 million compared to \$5.3 million in the third quarter of 2015. This was driven by higher debt outstanding related to our acquisitions in the past year. Interest expense is expected to be higher in 2016 than in the prior year.

Income Taxes. Income tax expense was \$17.1 million for the third quarter of 2016, compared with \$20.0 million for the same period in 2015. The Company's effective tax rate was 31.8% for the current-year quarter and 42.0% for the same period in 2015.

Net Income. Net income for the third quarter of 2016 increased to \$36.7 million or \$0.99 per diluted share, compared to \$27.7 million or \$0.74 per diluted share in the prior year. Adjusted net income was \$20.9 million, or \$0.57 per diluted share, compared with adjusted net income of \$37.7 million or \$1.00 per diluted share for the same three-month period in 2015.

Results of Operations— Nine Months Ended September 30, 2016 Compared with the Nine Months Ended September 30, 2015

Net Sales. Net sales for the nine-month period ended September 30, 2016 were \$4.1 billion. The following table summarizes net sales by product category for the nine months ended September 30, 2016 and 2015 (in thousands):

	For the Nine Months Ended September 30,	
	2016	2015 ⁽¹⁾
Janitorial and breakroom supplies	\$ 1,102,909	\$ 1,107,574
Technology products	1,038,194	1,045,577
Traditional office products	669,290	654,669
Industrial supplies	422,142	444,413
Cut sheet paper	294,804	254,395
Automotive	238,576	199,870
Office furniture	231,370	245,104
Freight revenue	100,293	95,522
Services, Advertising and Other	16,745	18,595
Total net sales	<u>\$ 4,114,323</u>	<u>\$ 4,065,719</u>

(1) Certain prior period amounts have been reclassified to conform to the current presentation. Such changes include reclassification of specific products to different product categories and did not impact the Condensed Consolidated Statements of Income. All percentage presentations described below are based on the reclassified amounts.

Sales in the janitorial and breakroom supplies product category in the first nine months of 2016 were comparable to the first nine months of 2015. This category accounted for 26.8% of the Company's first nine months of 2016 consolidated net sales. Sales in this category declined due to lower volumes in independent distributor channels.

Sales in the technology products category (primarily ink and toner) decreased in the first nine months of 2016 by 0.7% versus the first nine months of 2015. This category accounted for 25.2% of net sales for the first nine months of 2016. Excluding our Mexican subsidiary, which was sold in the third quarter of 2015, net sales in this category increased 4.3% compared to the prior year quarter, driven by sales to new e-tailers and technology customers.

Sales of traditional office products increased in the first nine months of 2016 by 2.2% versus the first nine months of 2015. Traditional office supplies represented 16.3% of the Company's consolidated net sales for the first nine months of 2016. The improvement in this category was primarily driven by increased sales in independent dealer channels as we have increased our share in this channel with new key customer acquisitions.

Industrial supplies sales in the first nine months of 2016 decreased by 5.0% compared to the same prior-year period and accounted for 10.3% of the Company's net sales for the first nine months of 2016. Industrial supplies sales declined due to impacts of our general industrial and energy channels. We expect this impact to continue throughout the year.

Net sales in the cut sheet paper category increased in the first nine months of 2016 by 15.9% compared to the first nine months of 2015. Cut sheet paper net sales accounted for 7.2% of the Company's net sales for the first nine months of 2016. The increase in this category was driven by increased sales in the independent dealer channels.

Automotive net sales in the first nine months of 2016 increased 19.4% compared to the same prior-year period. Automotive net sales represented 5.8% of the Company's net sales for the first nine months of 2016. This increase was primarily due to the acquisition of Nestor which contributed an additional \$38.9 million in net sales.

Office furniture sales in the first nine months of 2016 decreased 5.6% compared to the first nine months of 2015. Office furniture accounted for 5.6% of the Company's first nine months of 2016 consolidated net sales. The decline in this category was primarily driven by national account and independent dealer channels sales decreases.

The remainder of the Company's first nine months of 2016 net sales was composed of freight and other revenues.

Gross Profit and Gross Margin Rate. Gross profit for the first nine months of 2016 was \$594.8 million, compared to \$635.7 million in the first nine months of 2015. The gross margin rate of 14.5% was down 110 bps from the prior-year period gross margin rate of 15.6%. This decrease was primarily due to product margin, driven by customer and product mix, and higher freight expenses.

Operating Expenses. Operating expenses for the first nine months of 2016 were \$475.6 million or 11.6% of sales, compared with \$526.7 million or 13.0% of sales in the same period last year. The improvement was due to the gain on sale of City of Industry facility (see Note 3) as well as the impairment of seller notes in 2015. Adjusted operating expenses were \$483.7 million or 11.8% of net sales and \$480.9 million or 11.8% of net sales in the first nine months of 2016 and 2015, respectively.

Interest Expense, net. Interest expense, net for the first nine months of 2016 was \$18.1 million compared to \$14.9 million in the first nine months of 2015. This was driven by higher debt outstanding related to our acquisitions in the past year. Interest expense is expected to be higher in 2016 than in the prior year.

Income Taxes. Income tax expense was \$34.9 million for the first nine months of 2016, compared with \$42.6 million for the same period in 2015. The Company's effective tax rate was 34.5% for the current-year period and 45.3% for the same period in 2015.

Net Income. Net income for the first nine months of 2016 totaled \$66.2 million or \$1.79 per diluted share, including \$8.3 million after-tax, or \$0.22 per diluted share, of income related to the Actions. For the same period in the prior year, net income was \$51.5 million or \$1.35 per diluted share. Adjusted net income for the first nine months of 2016 was \$57.9 million, or \$1.57 per diluted share, compared with adjusted net income of \$86.3 million or \$2.26 per diluted share for the same nine-month period in 2015.

Pension Settlement

Defined benefit plan settlement loss of \$0.4 million and \$12.2 million for the three and nine months ended September 30, 2016, respectively, resulted from the voluntary lump sum program announced in February 2016. Refer to Note 10 "Pension and Post-Retirement Benefit Plans", for further information on the remeasurement and voluntary lump sum program.

Cash Flows

The following discussion focuses on information included in the accompanying Condensed Consolidated Statements of Cash Flows.

Operating Activities

Net cash provided by operating activities for the nine-month period ended September 30, 2016 totaled \$106.0 million, compared with \$183.7 million in the nine-month period ended September 30, 2015. A decrease in inventory of \$73.7 million compared to a decrease of \$54.4 million in the prior year, an increase in accounts payable of \$8.9 million compared to an increase of \$50.4 million in the prior year, and an increase in dealer prepayments of \$34.5 million compared to an increase of \$10.8 million in the prior year were the primary drivers of the \$77.7 million decrease.

Investing Activities

Net cash provided by investing activities for the first nine months of 2016 was \$5.7 million, compared with \$57.8 million used in investing activities for the nine-month period ended September 30, 2015. The \$63.5 million change was primarily driven by \$31.0 million proceeds from the sale of our City of Industry facility in 2016 compared with \$40.5 million cash used in our acquisition activity in 2015.

Financing Activities

Net cash used in financing activities for the nine-month period ended September 30, 2016 totaled \$119.3 million, compared with \$118.1 million in the same prior-year period. Net cash used in financing activities during the first nine months of 2016 was impacted by \$96.6 million in net repayments under our revolving credit facility compared to \$45.3 million in the prior year, and \$6.8 million in share repurchases, compared to \$55.7 million in the prior year.

On July 14, 2016, the Board of Directors approved a dividend of \$0.14 which was paid on October 14, 2016 to shareholders of record as of September 15, 2016. On September 28, 2016, the Company's Board of Directors approved payment of a \$0.14 per share dividend to shareholders of record as of December 15, 2016 to be paid on January 13, 2017.

The 2013 Credit Agreement and the 2013 Note Purchase Agreement (each as defined in Note 11 "Debt" in the Notes to the Consolidated Financial Statements in the 2015 Form 10-K) limit the Company's ability to repurchase its stock when the Company's Leverage Ratio, as defined in the 2013 Credit Agreement and the 2013 Note Purchase Agreement and as reported to its lenders, exceeds 3.00 to 1.00. As of September 30, 2016, the Company's Leverage Ratio was 2.77 to 1.00.

Liquidity and Capital Resources

Essendant's growth has historically been funded by a combination of cash provided by operating activities and debt financing. We believe that our cash from operations and collections of receivables, coupled with our sources of borrowings and available cash on hand, are sufficient to fund currently anticipated requirements. These requirements include payments of interest and dividends, scheduled debt repayments, capital expenditures, working capital needs, restructuring activities, the funding of pension plans, and funding for additional share repurchases and acquisitions, if any. Due to our credit profile over the years, external funds have been available at an acceptable cost. We believe that current credit arrangements are sound and that the strength of our balance sheet affords us the financial flexibility to respond to both internal growth opportunities and those available through acquisitions.

Financing available from debt and the sale of accounts receivable as of September 30, 2016, is summarized below (in millions):

Availability			
<u>Maximum financing available under:</u>			
2013 Credit Agreement	\$	700.0	
2013 Note Purchase Agreement		150.0	
Receivables Securitization Program ⁽¹⁾		200.0	
Maximum financing available			\$ 1,050.0
<u>Amounts utilized:</u>			
2013 Credit Agreement		271.8	
2013 Note Purchase Agreement		150.0	
Receivables Securitization Program ⁽¹⁾		200.0	
Outstanding letters of credit		11.2	
Total financing utilized			633.0
Available financing, before restrictions			417.0
Restrictive covenant limitation ⁽²⁾			140.4
Available financing as of September 30, 2016			<u>\$ 276.6</u>

(1) The Receivables Securitization Program provides for maximum funding available of the lesser of \$200.0 million or the total amount of eligible receivables less excess concentrations and applicable reserves.

(2) For a description of the restrictive covenants limiting the indebtedness the Company can incur, refer to Note 9 to the Condensed Consolidated Financial Statements included herein.

The Company's total capitalization consisted of the following amounts (in millions):

	As of September 30, 2016	As of December 31, 2015
2013 Credit Agreement	\$ 271.8	\$ 368.4
2013 Note Purchase Agreement	150.0	150.0
Receivables Securitization Program	200.0	200.0
Debt	621.8	718.4
Stockholders' equity	782.6	723.7
Total capitalization	<u>\$ 1,404.4</u>	<u>\$ 1,442.1</u>
Debt-to-total capitalization ratio	<u>44.3%</u>	<u>49.8%</u>

Refer to Note 9, "Debt", for further descriptions of the provisions of our financing facilities as well as Note 11 "Debt" in our 2015 Form 10-K.

Contractual Obligations

During the nine-month period ended September 30, 2016, contractual obligations increased by \$73.8 million from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2015, driven by new facility leases, facility lease renewals and new multi-year technology contracts.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company is subject to market risk associated principally with changes in interest rates and foreign currency exchange rates. There were no material changes to the Company's exposures to market risk during the first nine months of 2016 from those disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based upon this evaluation, the principal executive officer and the principal financial officer concluded that our disclosure controls and procedures are effective in providing reasonable assurance that material information required to be disclosed in our reports filed with or submitted to the Securities and Exchange Commission under the Securities Exchange Act is made known to management, including the principal executive officer and the principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the fiscal quarter ended September 30, 2016, there have been no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

For information regarding legal proceedings, see Note 14 “Legal Matters.”

ITEM 1A. RISK FACTORS.

For information regarding risk factors, see “Risk Factors” in Item 1A of Part I of the 2015 Form 10-K. There have been no material changes to the risk factors described in such Form 10-K, except for the following two revised risk factors.

Price transparency, customer consolidation, and changes in product sales mix may result in lower margins.

The Company faces price and margin pressure due to a number of factors, including:

- Increased price transparency, driven by online resellers
- Customer consolidation resulting in some customers increasing their buying power and seeking economic concessions from the Company
- Shift in customer mix from higher to lower margin channels and vertical markets
- Secular decline in office products categories leading to unfavorable product mix
- Vendor consolidation.

If Essendant is unable to reduce expenses, grow sales to existing and new customers, and increase sales of higher margin products as a percentage of total sales, the Company’s results of operations and financial condition may be adversely affected.

For example, during the second and third quarters of 2016, despite the Company’s success at converting customers, profitability was adversely affected by margin pressure resulting from a shift in customer mix to lower margin customers and in product category mix to lower margin products. The transparency of pricing online also caused margin pressure.

Essendant’s reliance on supplier allowances and promotional incentives could impact profitability.

Supplier allowances and promotional incentives that are often based on the volume of Company product purchases contribute significantly to Essendant’s profitability. If Essendant does not comply with suppliers’ terms and conditions, or does not make requisite purchases to achieve certain volume hurdles, Essendant may not earn certain allowances and promotional incentives. Additionally, suppliers may reduce the allowances they pay Essendant if they conclude the value Essendant creates does not justify the allowances. If Essendant’s suppliers reduce or otherwise alter their allowances or promotional incentives, Essendant’s profit margin for the sale of the products it purchases from those suppliers may decline. The loss or diminution of supplier allowances and promotional support could have an adverse effect on the Company’s results of operations.

For example, in the second quarter of 2016, lower supplier allowances and promotional incentives contributed to the unfavorable margin impact of the product category mix shift, and as the Company executed its strategy to improve cash flow in part through lower inventory balances in the third quarter of 2016, a reduction in purchases from suppliers resulted in lower supplier allowances, which contributed to the unfavorable gross margin changes.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

- (a) Not applicable.
- (b) Not applicable.
- (c) Common Stock Purchases.

During the nine months ended September 30, 2016 and 2015, the Company repurchased 241,270 and 1,525,222 shares of common stock at an aggregate cost of \$6.8 million and \$57.4 million, respectively. The Company did not repurchase any additional shares through October 24, 2016. As of that date, the Company had approximately \$68.2 million remaining of existing share repurchase authorization from the Board of Directors.

2016 Fiscal Month	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
July 1, 2016 to July 31, 2016	-	-	-	68,160,702
August 1, 2016 to August 31, 2016	-	-	-	68,160,702
September 1, 2016 to September 30, 2016	-	-	-	68,160,702
Total Third Quarter	-	\$ -	-	\$ 68,160,702

ITEM 6. EXHIBITS(a) Exhibits

This Quarterly Report on Form 10-Q includes as exhibits certain documents that the Company has previously filed with the SEC. Such previously filed documents are incorporated herein by reference from the respective filings indicated in parentheses at the end of the exhibit descriptions (all made under the Company's file number of 0-10653). Each of the management contracts and compensatory plans or arrangements included below as an exhibit is identified as such by a double asterisk at the end of the related exhibit description.

Exhibit No.	Description
3.1	Third Restated Certificate of Incorporation of Essendant Inc. ("ESND" or the "Company"), dated as of June 1, 2015 (Exhibit 3.1 to the Form 10-Q, filed on July 23, 2015)
3.2	Amended and Restated Bylaws of Essendant Inc., dated as of June 1, 2015 (Exhibit 3.2 to the Form 10-Q, filed on July 23, 2015)
4.1	Note Purchase Agreement, dated as of November 25, 2013, among ESND, Essendant Co. ("ECO"), and the note purchasers identified therein (the "2013 Note Purchase Agreement") (Exhibit 4.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2013, filed on February 19, 2014 (the "2013 Form 10-K"))
4.2	Amendment No. 1 to Note Purchase Agreement, dated as of January 27, 2016, among ECO, ESND and the holders of Notes issued by the Company that are parties thereto (Exhibit 4.2 to the Form 10-Q, filed on April 20, 2016)
4.3	Parent Guaranty, dated as of November 25, 2013, by ESND in favor of the holders of the promissory notes identified therein (Exhibit 4.5 to the 2013 Form 10-K)
4.4	Subsidiary Guaranty, dated as of November 25, 2013, by all of the domestic subsidiaries of ECO (Exhibit 4.6 to the 2013 Form 10-K)
10.1	Essendant, Inc. Amended and Restated Executive Severance Plan (Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on July 18, 2016)**
10.2*†	2016 Cash Incentive Award Agreement with EPS Minimum dated as of July 18, 2016, by and between ESND and Richard D. Phillips**
10.3*	Amended and Restated Executive Employment Agreement, dated as of July 22, 2016, by and among ESND, ECO, Essendant Management Services ("EMS") and Robert B. Aiken, Jr.**
10.4*	Form of Amended and Restated Executive Employment Agreement, effective as of January 1, 2017**
10.5*	Form of 2016 Restricted Stock Award Agreement with EPS Minimum under the 2015 Long-Term Incentive Plan**
10.6*	Form of Performance Based Restricted Stock Unit Award Agreement under the 2015 Long-Term Incentive Plan**
10.7*	Amendment No. 2 to Note Purchase Agreement, dated as of August 30, 2016, between ESND, ECO, and the noteholders identified therein
10.8*	Amendment No. 2 to the Fourth Amended and Restated Five Year Revolving Credit Agreement, dated as of August 29, 2016, between ESND, ECO, JPMorgan Chase Bank, N.A., as agent, and the other financial institutions identified therein
10.9*	August 30, 2016 Consent of Class Agents under the Amended and Restated Transfer and Administration Agreement dated as of January 18, 2013 to amendment to the amendment of the Fourth Amended and Restated Five Year Revolving Credit Agreement, dated as of July 8, 2013
31.1*	Certification of Chief Executive Officer, dated as of October 26, 2016, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer, dated as of October 26, 2016, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer and Chief Financial Officer, dated as of October 26, 2016, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	The following financial information from Essendant Inc.'s Quarterly Report on Form 10-Q for the period ended September 30, 2016, filed with the SEC on October 26, 2016, formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Statement of Income for the three-month and nine-month periods ended September 30, 2016 and 2015, (ii) the Condensed Consolidated Balance Sheet at September 30, 2016 and December 31, 2015, (iii) the Condensed Consolidated Statement of Cash Flows for the nine-month periods ended September 30, 2016 and 2015, and (iv) Notes to Condensed Consolidated Financial Statements.

* - Filed herewith

** - Represents a management contract or compensatory plan or arrangement

† - Confidential treatment has been requested for a portion of this document. Confidential portions have been omitted and filed separately with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ESSENDANT INC.
(Registrant)

Date: October 26, 2016

/s/ Earl C. Shanks
Earl C. Shanks
Senior Vice President and Chief Financial Officer

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Section 2: EX-10.2 (EX-10.2)

Exhibit 10.2

CERTAIN PORTIONS OF THIS EXHIBIT HAVE BEEN
OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION
PURSUANT TO A REQUEST FOR CONFIDENTIAL
TREATMENT FILED WITH THE COMMISSION.
THE OMITTED PORTIONS ARE INDICATED BY [**].

ESSENDANT INC.
2015 LONG-TERM INCENTIVE PLAN
2016 Cash Incentive Award Agreement With EPS Minimum

This Cash Incentive Award Agreement (this "Agreement"), dated as of July 15, 2016 (the "Award Date"), is by and between Ric Phillips (the "Participant"), and Essendant Inc., a Delaware corporation (the "Company"). Any term capitalized but not defined in this Agreement will have the meaning set forth in the Company's 2015 Long-Term Incentive Plan (the "Plan"). In the exercise of its discretion to grant cash incentives, the Committee has determined that the Participant should receive a Cash Incentive Award, on the following terms and conditions:

1. Grant. The Company hereby grants to the Participant a Cash Incentive Award (the "Award"). The Award will be subject to the terms and conditions of the Plan and this Agreement. The Award constitutes the right, subject to the terms and conditions of the Plan and this Agreement, to receive a future payment of cash.
2. Maximum and Target. The maximum amount the Participant may be paid under this Agreement ("Maximum") is eight hundred thousand dollars (\$800,000.00). The "Target" for purposes of this Agreement is one-half (1/2) of the Maximum or four hundred thousand dollars (\$400,000.00).
3. Vesting and Effect of Date of Termination. The Participant's right to receive payment under this Cash Incentive Award will vest on December 31, 2018 (the "Scheduled Vesting Date"), provided that the Participant's Date of Termination has not occurred before the Scheduled Vesting Date, and provided further that the Company's cumulative Earnings Per Share (as defined in Section 6) for the four (4) calendar quarters ending June 30, 2017 exceeds fifty cents (\$0.50) per share.

If the Participant's Date of Termination occurs for any reason before the Scheduled Vesting Date all of the rights to receive payment under this Agreement will be forfeited, subject to the following exceptions:

- (a) If (i) the Company meets the Earnings Per Share goal of fifty cents (\$0.50) per share stated above, and (ii) prior to the Participant's Date of Termination substantially all of the assets or equity of the ORS Nasco business is sold to an unrelated third party (as determined by the Committee), Participant will receive a payment equal to the percentage specified in Section 4 below (the "Applicable Vesting Percentage") times Target.
- (b) If (i) the Company undergoes a Change of Control and (ii) the Participant's Date of Termination occurs after such Change of Control and prior to the occurrence of the event described in Section 3(a)(ii) as a result of the Participant's death, Disability (as defined below), or involuntary "separation from service" (as described in Treasury Regulation Section 1.409A-1(h)) without Cause or for Good Reason, the Participant will receive a payment equal to the Applicable Vesting Percentage times Target.
- (c) If, (i) the Company meets the Earnings Per Share goal of fifty cents (\$0.50) per share stated above, and (ii) prior to a Change of Control and prior to the occurrence of the event described in Section 3(a)(ii), the Participant's Date of Termination occurs as a result of his death or Disability (as defined below), the Participant will receive a payment equal to the Applicable Vesting Percentage times Target.

For purposes of this Agreement, the term "Disability" means the Participant's inability, due to illness, accident, injury, physical or mental incapacity or other disability, effectively to carry out his duties and obligations as an employee of the Company or its Subsidiaries or to participate effectively and actively as an employee of the Company or its Subsidiaries for 90 consecutive days or shorter periods aggregating at least 180 days (whether or not consecutive) during any twelve-month period. Notwithstanding the foregoing, to the extent necessary to cause the Award to comply with the requirements of Section 409A of the Internal Revenue Code, as amended (the "Code"), "Disability" shall mean a "disability" as described in Treasury Regulations Section 1.409A-3(i)(4).

4. Applicable Vesting Percentage. If (i) the Company's Committee has certified in writing that the cumulative Earnings Per Share (as defined in Section 6) for the four (4) calendar quarters ending June 30, 2017 exceeds fifty cents (\$0.50) per share (which certification shall occur no later than December 15, 2017), (ii) the Participant is still actively employed on the Scheduled Vesting Date, and (iii) an event described in Section 3(a)(ii), 3(b)(ii) or 3(c)(ii) (a "Vesting Event") has not occurred prior to the Scheduled Vesting Date, then the Applicable Vesting Percentage is one hundred percent (100%). For the avoidance of doubt, only the occurrence of the first Vesting Event will be considered a Vesting Event for purposes of this Agreement.

Otherwise, except with respect to a Vesting Event described in Section 3(b)(ii) (for which no such certification shall be required), if the Committee has certified in writing the Company's cumulative Earnings Per Share (as defined in Section 6) for the four (4) calendar quarters ending June 30, 2017 exceeds fifty cents (\$0.50) per share (which certification shall occur no later than December 15, 2017), and if a Vesting Event has occurred prior to the Scheduled Vesting Date, the Participant's Applicable Vesting Percentage shall be determined according to the date the Vesting Event occurs as follows:

- § Thirty-five percent (35%) if the Vesting Event occurs after December 31, 2016 and prior to July 1, 2017;
- § Forty percent (40%) if the Vesting Event occurs after June 30, 2017 and prior to January 1, 2018.
- § Sixty percent (60%) if the Vesting Event occurs after December 31, 2017 and prior to July 1, 2018.
- § Eighty percent (80%) if the Vesting Event occurs after June 30, 2018 and prior to December 31, 2018.

Notwithstanding anything to the contrary in this Section 4, (a) if either (I) a Vesting Event occurs prior to January 1, 2017, or (II) except with respect to a Vesting Event described in Section 3(b)(ii), the Committee does not certify in writing that the cumulative Earnings Per Share (as defined in Section 6) for the four (4) calendar quarters ending June 30, 2017 has exceeded fifty cents (\$0.50) per share (which certification shall occur no later than December 15, 2017), then in either case the Applicable Vesting Percentage shall be zero percent (0%), and (b) if the Participant becomes entitled to payment hereunder pursuant to Section 3(b), the Applicable Vesting Percentage shall be determined pursuant to this Section 4 irrespective of whether the Committee's certification has occurred.

5. Amount and Time of Payment. If the Applicable Vesting Percentage is one hundred percent (100%), then the amount of the Participant's payment will equal the Maximum subject to the Committee's right to reduce the payment in accordance with the guidelines in Exhibit I attached to this Agreement. Otherwise, the amount of the Participant's payment will equal the Applicable Vesting Percentage times Target.

If the Participant's Date of Termination does not occur prior to the Scheduled Vesting Date, payment shall be made in the first calendar quarter following the Scheduled Vesting Date. If the

Participant's Date of Termination does occur prior to the Scheduled Vesting Date, payment shall be made on the first business day following a period of six (6) months after the Date of Termination, or if later, the first business day following the Committee's certification in writing that the cumulative Earnings Per Share (as defined in Section 6) for the four (4) calendar quarters ending June 30, 2017 has exceeded fifty cents (\$0.50) per share (which certification shall occur no later than December 15, 2017); provided that any payment that becomes due pursuant to Section 3(b) hereof shall not be subject to delay pending such certification.

6. Earnings Per Share. For purposes of this Agreement, Earnings Per Share will be the amount as reported in the Company's quarterly earnings releases in the table titled Reconciliation of Non-GAAP Financial Measures, Adjusted Operating Income, Net Income and Diluted Earnings Per Share, and re-calculated based on accounting standards promulgated by the Financial Accounting Standards Board or similar accounting standards body in place as of December 31, 2015, and adjusted to eliminate the effects of any and all of the following (net of any tax effects) to the extent not already included in the aforementioned table: (i) write-offs of previously capitalized financing costs; (ii) subsidiary charitable contributions to the Essendant Charitable Foundation; (iii) projected impacts on financial results of any acquisition or disposition (including liquidation of at least ninety percent (90%) of the assets) of any business during the applicable measurement period as reflected in the final financial valuation of the transaction presented to the Board prior to the Board's approval of the transaction; (iv) impairment of goodwill and other intangible assets (as defined by ASC 350); (v) curtailment, settlement, or termination of any of the Company's pension plans (as defined in ASC 715); (vi) litigation or claim judgments and settlements; and (vii) restructuring costs (as defined by ASC 420).

Except as otherwise specifically provided, the Company will not have any further obligations to the Participant under this Agreement if the Participant's right to payment are forfeited as provided herein.

7. Payment in the Event of the Participant's Death. If the Participant dies before the Company has paid the amount due under this Agreement, the Company will pay the amount due (if any) to the beneficiary designated by the Participant, or if no such beneficiary has been designated, to the Participant's estate.

8. Restrictive Covenants; Recovery of Payments. Notwithstanding any contrary provision of this Agreement, the Company may recover the Award granted or paid under this Agreement to the extent required by the terms of any clawback or compensation recovery policy adopted by the Company. Furthermore, and in consideration of the grant of the Award under the terms of this Agreement and in recognition of the fact that Participant has received and will receive Confidential Information (as defined in paragraph 8(e)(iv)) during Participant's Service (as defined in paragraph 8(e)(v)), Participant agrees to be bound by the restrictive covenants set forth in paragraphs 8(a), 8(b), 8(c), and 8(d), below (the "Restrictive Covenants"). In addition, but subject to the last sentence of this paragraph, Participant agrees that if Participant violates any provision of such Restrictive Covenants, then any payment received under this Agreement at any time during the three (3) year period immediately preceding the date on which such violation occurred shall immediately be repaid back to the Company (the "Forfeited Payment"). Subject to the last sentence of this paragraph, Participant hereby agrees that upon demand from the Company at any time after discovery of the violation of a Restrictive Covenant or imposition of a claw back, Participant shall pay to the Company an amount equal to the payment (before tax withholdings) made by Company to Participant under this Agreement. Subject to the last sentence of this paragraph and any applicable limitations of Code Section 409A, by accepting this Agreement, Participant consents to a deduction from any amounts the Company owes Participant from time to time (including amounts owed to Participant as wages or other compensation, fringe benefits, or vacation pay, as well as any other amounts owed to Participant by the Company), to the extent of the amounts Participant owes the Company under this Section 8. Whether or not the Company elects to make any set-off in whole or in part, if the Company does not recover by means of set-off the full amount Participant owes

pursuant to this Section 8, Participant hereby agrees to pay immediately the unpaid balance to the Company. Notwithstanding the foregoing, if and to the extent that a violation of a Restrictive Covenant is curable at the time of discovery by the Company, Participant will not be deemed to have violated such Restrictive Covenant unless and until the Company gives Participant written notice of such violation and Participant fails to cure such violation within thirty (30) calendar days after receipt of such written notice.

- (a) Confidential Information. Participant acknowledges that during the course of his or her Service, he or she has received and will receive Confidential Information. Participant further acknowledges that he or she has received a copy of the Company's Confidentiality and Nondisclosure Policy. Participant acknowledges and agrees that it is his or her responsibility to protect the integrity and confidential nature of the Confidential Information, both during and after his or her Service, and Participant shall not directly or indirectly use, disclose, disseminate, or otherwise make available any such Confidential Information, either during or after the term of his or her Service, except as necessary for the performance of his or her duties to the Company or as expressly permitted in writing by the Company.
- (b) Competitive Activities. During Participant's Service and for two (2) years after the termination of Participant's Service for any reason whatsoever (including Retirement), Participant shall not engage in any Competitive Activity (as defined in paragraph 8(e)(iii)). Participant's obligations under this paragraph 8(b) shall apply in any geographic territory in which the Company conducts its business during the term of the Participant's Service. In the event that any portion of this paragraph 8(b) shall be determined by any court of competent jurisdiction to be unenforceable because it is unreasonably restrictive in any respect, it shall be interpreted to extend over the maximum period of time for which it reasonably may be enforced and to the maximum extent for which it reasonably may be enforced in all other respects, and enforced as so interpreted, all as determined by such court in such action. Participant acknowledges the uncertainty of the law in this respect and expressly stipulates that this Agreement is to be given the construction that renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law.
- (c) Non-Solicitation. During Participant's Service and for two (2) years after the termination of Participant's Service for any reason whatsoever, Participant shall not:
 - (i) Solicit, induce, or attempt to solicit or induce any employee, consultant, or independent contractor of the Company (each, a "Service Provider") to leave or otherwise terminate such Service Provider's relationship with the Company, or in any way interfere adversely with the relationship between any such Service Provider and the Company;
 - (ii) Solicit, induce, or attempt to solicit or induce any Service Provider to work for, render services to, provide advice to, or supply Confidential Information or trade secrets of the Company to any third person, firm, or entity;
 - (iii) Employ or otherwise pay for services rendered by, any Service Provider in any business enterprise with which Participant may be associated, connected, or affiliated;
 - (iv) Call upon, induce, or attempt to induce any current or potential customer, vendor, supplier, licensee, licensor, or other business relation of the Company for the purpose of soliciting or selling products or services in direct competition with the Company or to induce any such person to cease or refrain from doing business with the Company, or in any way interfere with the then-existing or potential

business relationship between any such current or potential customer, vendor, supplier, licensee, licensor, or other business relation and the Company;

- (v) Call upon any entity that is a prospective acquisition candidate that Participant knows or has reason to know was called upon by the Company or for which the Company made an acquisition analysis for the purpose of acquiring such entity; or
- (vi) Assist, solicit, or encourage any other person, directly or indirectly, in carrying out any activity set forth above that would be prohibited by any of the provisions of this Agreement if such activity were carried out by Participant. In particular, Participant will not, directly or indirectly, induce any Service Provider of the Company to carry out any such activity.

(d) Other Restricted Activities. During Participant's Service and for two (2) years after the termination of Participant's Service for any reason whatsoever, Participant shall not engage in any other activity that is inimical, contrary, or harmful to the interests of the Company including, but not limited to (i) conduct related to Participant's Service for which either criminal or civil penalties against Participant may be sought, (ii) violation of Company policies, including, without limitation, the Company's insider trading policy, or (iii) participating in a hostile takeover attempt.

(e) Definitions. For purposes of this Section 8, the following terms shall have the following definitions:

- (i) The term "Company" shall include any Subsidiary of the Company that may exist at a given time.
- (ii) The term "Competing Business" shall mean any business activities that are directly or indirectly competitive with the business conducted by the Company or its Subsidiaries at or prior to the date of the termination of Participant's Service, all as described in the Company's periodic reports filed pursuant to the Exchange Act (e.g., the Company's Annual Report on Form 10-K) or other comparable publicly disseminated information.
- (iii) The term "Competitive Activity" shall mean directly or indirectly investing in, owning, operating, financing, controlling, or providing services to a Competing Business if the nature of such services are the same as or similar in position scope and geographic scope to any position held by Participant during the last two (2) years of his or her employment with the Company, such that Participant's engaging in such services on behalf of a Competing Business does or may pose competitive harm to the Company, provided that passive investments of less than a two percent (2%) ownership interest in any entity that is a Competing Business will not be considered to be a "Competitive Activity."
- (iv) The term "Confidential Information" has the meaning set forth in the Company's Confidentiality and Nondisclosure Policy. Confidential Information includes not only information contained in written or digitized Company documents but also all such information that Participant may commit to memory during the course of his or her Service. "Confidential Information" does not include information that is available in reasonably similar form to the general public through no fault of Participant, or that was received by Participant outside of the Company, without an obligation of confidentiality.
- (v) Participant will be deemed to be in "Service" to the Company so long as he or she renders continuous services on a periodic basis to the Company in the capacity of an employee, director, consultant, independent contractor, or other advisor (but, in

the case of Participant's continued Service as a consultant, independent contractor, or other advisor, only as determined by the Committee or the Board, in its sole and absolute discretion, following Participant's initial Service as an employee or director).

- (f) Equitable Relief: Enforceability. By accepting this Agreement and the Restricted Shares granted hereby, Participant agrees that the Restrictive Covenants set forth in this Section 8 are reasonable and necessary to protect the legitimate interests of the Company. In the event a violation of any of the restrictions contained in this Section 8 is established, the Company shall be entitled to seek enforcement of the provisions of this Section 8 through proceedings at law or in equity in any court of competent jurisdiction, including preliminary and permanent injunctive relief. In the event of a violation of any provision of subsection (b), (c), or (d) of this Section 8, the period for which those provisions would remain in effect shall be extended for a period of time equal to that period beginning when such violation commenced and ending when the activities constituting such violation have been finally terminated in good faith. Participant is aware that there may be defenses to the enforceability of the Restrictive Covenants set forth in this Section 8, based on time or territory considerations, and Participant knowingly, consciously, intentionally, entirely voluntarily, and irrevocably waives any and all such defenses and agrees that he or she will not assert the same in any action or other proceeding brought by the Company for the purpose of enforcing the Restrictive Covenants.
9. No Right to Employment. Nothing herein confers upon the Participant any right to continue in the employ of the Company or any Subsidiary.
10. Nontransferability. Except as otherwise provided by the Committee or as provided in Section 5, the Participant's interests and rights in and under this Agreement are not assignable or transferable other than as designated by the Participant by will or by the laws of descent and distribution. Payment will be made only to the Participant; or, if the Committee has been provided with evidence acceptable to it that the Participant is legally incompetent, the Participant's personal representative; or, if the Participant is deceased, to the designated beneficiary or other appropriate recipient in accordance with Section 5 hereof. The Committee may require personal receipts or endorsements of a Participant's personal representative, designated beneficiary or alternate recipient provided for herein, and the Committee shall extend to those individuals the rights otherwise exercisable by the Participant with regard to any withholding tax election in accordance with Section 5 hereof. Any effort to otherwise assign or transfer any Restricted Shares (before they are distributed) or any rights or interests therein or thereto under this Agreement will be wholly ineffective, and will be grounds for termination by the Committee of all rights and interests of the Participant and his or her beneficiary in and under this Agreement.
11. Administration and Interpretation. The Committee has the authority to control and manage the operation and administration of the Plan and to make all interpretations and determinations necessary or appropriate for the administration of the Plan and this Agreement, including the enforcement of any recovery of payments pursuant to Section 8 or otherwise. Any interpretations of the Plan or this Agreement by the Committee and any decisions made by it under the Plan or this Agreement are final and binding on the Participant and all other persons. Any inconsistency between this Agreement and the Plan shall be resolved in favor of the Plan.
12. Governing Law. This Agreement and the rights and obligations hereunder shall be governed by and construed in accordance with the laws of the state of Delaware, without regard to principles of conflicts of law of Delaware or any other jurisdiction.
13. Sole Agreement. Notwithstanding anything in this Agreement to the contrary, the terms of this Agreement shall be subject to all of the terms and conditions of the Plan (as the same may be amended in accordance with its terms), a copy of which may be obtained by the Participant from

the office of the Secretary of the Company. In addition, this Agreement and the Participant's rights hereunder shall be subject to all interpretations, determinations, guidelines, rules, and regulations adopted or made by the Committee from time to time pursuant to the Plan. This Agreement is the entire agreement between the parties to it with respect to the subject matter hereof, and supersedes any and all prior oral and written discussions, commitments, undertakings, representations, or agreements (including, without limitation, any terms of any employment offers, discussions, or agreements between the parties).

14. Binding Effect. This Agreement will be binding upon and will inure to the benefit of the Company and the Participant and, as and to the extent provided herein and under the Plan, their respective heirs, executors, administrators, legal representatives, successors, and assigns.
15. Amendment and Waiver. This Agreement may be amended in accordance with the provisions of the Plan, and may otherwise be amended by written agreement between the Company and the Participant without the consent of any other person. No course of conduct or failure or delay in enforcing the provisions of this Agreement will affect the validity, binding effect or enforceability of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company and the Participant have duly executed this Agreement as of the Award Date.

ESSENDANT INC.
By: /s/Charles Crovitz
Charles Crovitz
Chairman of the Board

PARTICIPANT
/s/Ric Phillips
Ric Phillips

EXHIBIT I

Set forth below are the goals that the Committee shall assess in determining the Participant's payment under Section 5 of the Agreement in those circumstances where the Applicable Vesting Percentage is 100%. As specified in the Agreement, the payment to the Participant in such circumstances shall be the Maximum unless the Committee elects (in its sole discretion) to reduce the payment to an amount between the Target and the Maximum because it determines (in its sole discretion) that the Participant has not fully achieved the goals specified below relating to the performance of ORS Nasco during the three-year period (the "Performance Period") commencing January 1, 2016 and ending December 31, 2018. On an annual basis, the Company and the Participant shall provide to the Committee an assessment of the Participant's progress toward achieving the goals specified below.

The Committee shall also have the right to modify and update the goals from time to time to reflect the evolving nature of the Company's strategies and long range plan between now and the Scheduled Vesting Date.

ORS Nasco Performance Goals:

- Achieve cumulative earnings before interest and taxes ("EBIT") (as reflected in the Company's audited financial statements) of \$[**] over the Performance Period, provided that this goal may be adjusted at the discretion of the Committee based on the impact of significant market events, such as changes in oil rig counts from current projections (415-1000 rigs versus 2014 rig count of 1,862), as well as the impact of acquisitions and other corporate transactions on EBIT (50% of total pay-out)
- Achieve annualized sales in the Government sector of \$[**]-[**] by last year of Performance Period (25% of total pay-out)
- Achieve annualized sales in the Retail channel of \$[**]-[**] by last year of Performance Period (25% of total pay-out)

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Section 3: EX-10.3 (EX-10.3)

Exhibit 10.3

AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT (this "**Agreement**") is entered into effective as of January 1, 2017 (the "**Effective Date**") by and among ESSENDANT INC., a Delaware corporation (hereinafter, together with its successors, referred to as "**Holding**"), ESSENDANT CO., an Illinois corporation (hereinafter, together with its successors, referred to as the "**Company**"), ESSENDANT MANAGEMENT SERVICES, LLC., an Illinois limited liability company (hereinafter, together with its successors, referred to as "**EMS**") (with Holding, the Company, EMS, and their respective subsidiaries and affiliates including the entity employing the Executive, and any successors thereto, hereinafter referred to as the "**Companies**"), and Robert B. Aiken, Jr. (hereinafter referred to as the "**Executive**").

WHEREAS, the Companies and Executive are parties to an offer employment in the form of a letter agreement dated July 22, 2015 (the "**Offer of Employment**") and an Executive Employment Agreement dated July 22, 2015 (the "**Prior Agreement**"); and

WHEREAS, the Companies and Executive acknowledge and agree that it is in their mutual best interests to amend and restate the Prior Agreement to clarify certain provisions of the Agreement; and

WHEREAS, Executive is a key member of the management of the Companies and is expected to devote substantial skill and effort to the affairs of the Companies, and the Companies desire to recognize the significant personal contribution that Executive makes and is expected to continue to make to further the best interests of the Companies and their shareholders; and

WHEREAS, it is desirable and in the best interests of the Companies and its shareholders to obtain the benefits of Executive's services and attention to the affairs of the Companies, and to provide inducement for Executive (1) to remain in the service of the Companies in the event of any proposed or anticipated Change of Control and (2) to remain in the service of the Companies in order to facilitate an orderly transition in the event of a Change of Control; and

WHEREAS, it is desirable and in the best interests of the Companies and their shareholders that Executive be in a position to make judgments and advise the Companies with respect to any proposed Change of Control without regard to the possibility that Executive's employment may be terminated without compensation in the event of a Change of Control; and

WHEREAS, Executive will have access to confidential, proprietary and trade secret information of the Companies and their subsidiaries, and it is desirable and in the best interests of the Companies and their shareholders to protect confidential, proprietary and trade secret information of the Companies and their subsidiaries, to prevent unfair competition by former executives of the Companies following separation of their employment with the Companies and to secure cooperation from former executives with respect to matters related to their employment with the Companies; and

WHEREAS, it is desirable and in the best interests of the Companies and their shareholders to obtain commitments from Executive with respect to Executive's service with the Companies, and to facilitate a smooth transition upon separation from service for former executives.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, the parties agree as follows:

Section 1. Definitions.

(a) As used in this Agreement, the following terms have the respective meanings set forth below:

“**Accrued Benefits**” means (i) all salary earned or accrued through the date the Executive's employment is terminated, (ii) reimbursement for any and all monies expended by Executive in connection with the Executive's employment for reasonable and necessary out-of-pocket business expenses incurred by the Executive in performance of services for the Companies through the date the Executive's employment is terminated, (iii) all accrued and unpaid annual incentive compensation awards for the year immediately prior to the year in which the Executive's employment is terminated, and (iv) all other payments and benefits payable on or after termination of employment to which the Executive is entitled at the date of termination under the terms of any applicable compensation arrangement or benefit plan or program of the Companies. “Accrued Benefits” shall not include any entitlement to severance pay or severance benefits under any severance policy or plan generally applicable to the Companies' salaried employees.

“**Affiliate**” shall have the meaning given such term in Rule 12b-2 of the Exchange Act.

“**Board**” shall mean, so long as Holding directly or indirectly owns all of the outstanding Voting Securities (as hereinafter defined in the definition of Change of Control) of the Companies, the board of directors of Holding. In all other cases, Board means the board of directors of the Company.

“**Cause**” shall mean (i) conviction of, or plea of nolo contendere to, a felony (excluding motor vehicle violations); (ii) theft or embezzlement, or attempted theft or embezzlement, of money or property or assets of the Companies; (iii) illegal use of drugs; (iv) material breach of this Agreement or any employment-related undertakings provided in a writing signed by the Executive prior to or concurrently with this Agreement; (v) gross negligence or willful misconduct in the performance of Executive's duties; (vi) breach of any fiduciary duty owed to the Companies, including, without limitation, engaging in competitive acts while employed by the Companies; or (vii) the Executive's willful refusal to perform the assigned duties for which the Executive is qualified as directed by the Board; provided, that in the case of any event constituting Cause within clauses (iv) through (vii) which is curable by the Executive, the Executive has been given written notice by the

Companies of such event said to constitute Cause, describing such event in reasonable detail, and has not cured such action within thirty (30) days of such written notice as reasonably determined by the Board. For purposes of this definition of Cause, action or inaction by the Executive shall not be considered “willful” unless done or omitted by the Executive (A) intentionally or not in good faith and (B) without reasonable belief that the Executive’s action or inaction was in the best interests of the Companies, and shall not include failure to act by reason of total or partial incapacity due to physical or mental illness.

“**Change of Control**” shall mean and include any of the following:

(a) Any “Person” (having the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a “group” within the meaning of Section 13(d)(3)) has or acquires “Beneficial Ownership” (within the meaning of Rule 13d-3 under the Exchange Act) of 30% or more of the combined voting power of Holding’s then outstanding voting securities entitled to vote generally in the election of directors (“**Voting Securities**”); provided, however, that the acquisition or holding of Voting Securities by (i) Holding or any of its Subsidiaries, (ii) an employee benefit plan (or a trust forming a part thereof) maintained by Holding or any of its Subsidiaries, or (iii) any Person in which the Executive has a substantial equity interest shall not constitute a Change of Control. Notwithstanding the foregoing, a Change of Control shall not be deemed to occur solely because any Person acquired Beneficial Ownership of more than the permitted amount of Voting Securities as a result of (A) the issuance of Voting Securities by Holding in exchange for assets (including equity interests) or funds with a fair value equal to the fair value of the Voting Securities so issued or (B) the acquisition of Voting Securities by Holding which, by reducing the number of Voting Securities outstanding, increases the proportional number of shares Beneficially Owned by such Person; provided that if a Change of Control would occur (but for the operation of this sentence) as a result of the issuance of Voting Securities or the acquisition of Voting Securities by Holding, and after such issuance or acquisition, such Person becomes the Beneficial Owner of any additional Voting Securities which increases the percentage of the Voting Securities Beneficially Owned by such Person to more than 50% of the Voting Securities of Holding, then a Change of Control shall occur;

(b) At any time during a period of two consecutive years, the individuals who at the beginning of such period constituted the Board (the “**Incumbent Board**”) cease for any reason to constitute more than 50% of the Board; provided, however, that if the election, or nomination for election by Holding’s shareholders, of any new director was approved by a vote of more than 50% of the directors then comprising the Incumbent Board, such new director shall, for purposes of this subsection (b), be considered as though such person were a member of the Incumbent Board; provided, further, however, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of (i) either an actual “Election Consent” (as described in Rule 14a-11 promulgated under the Exchange Act) or other actual solicitation of proxies

or consents by or on behalf of a Person other than the Incumbent Board (a “**Proxy Contest**”), or (ii) by reason of an agreement intended to avoid or settle any actual or threatened Election Contest or Proxy Contest;

(c) Consummation of a merger, consolidation or reorganization or approval by Holding’s shareholders of a liquidation or dissolution of Holding or the occurrence of a liquidation or dissolution of Holding (“**Business Combination**”), unless, following such Business Combination:

(i) the Persons with Beneficial Ownership of Holding, immediately before such Business Combination, have Beneficial Ownership of more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the corporation (or in the election of a comparable governing body of any other type of entity) resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns Holding or all or substantially all of Holding’s assets either directly or through one or more subsidiaries) (the “**Surviving Company**”) in substantially the same proportions as their Beneficial Ownership of the Voting Securities immediately before such Business Combination,

(ii) the individuals who were members of the Incumbent Board immediately prior to the execution of the initial agreement providing for such Business Combination constitute more than 50% of the members of the board of directors (or comparable governing body of a noncorporate entity) of the Surviving Company; and

(iii) no Person (other than Holding, any of its Subsidiaries or any employee benefit plan (or any trust forming a part thereof) maintained by Holding, the Surviving Company or any Person who immediately prior to such Business Combination had Beneficial Ownership of 30% or more of the then Voting Securities) has Beneficial Ownership of 30% or more of the then combined voting power of the Surviving Company’s then outstanding voting securities; provided, that notwithstanding this clause (iii), a Change of Control shall not be deemed to occur solely because any Person acquired Beneficial Ownership of more than 30% of Voting Securities as a result of the issuance of Voting Securities by Holding in exchange for assets (including equity interests) or funds with a fair value equal to the fair value of the Voting Securities so issued; provided, however that a Business Combination with a Person in which the Executive has a substantial equity interest shall not constitute a Change of Control with respect to such Person.

(d) The closing of any assignment, sale, conveyance, transfer, lease or other disposition of all or substantially all of the assets of Holding to any Person (other than a Person in which the Executive has a substantial equity interest (in which case there shall not be a Change of Control with respect to such Person) and other than a Subsidiary of Holding or other entity, the Persons with Beneficial Ownership of which are the same Persons with Beneficial Ownership of Holding and such

Beneficial Ownership is in substantially the same proportions), or the occurrence of the same.

Notwithstanding the foregoing, to the extent necessary to comply with the requirements of Section 409A of the Code, the events that would otherwise constitute a Change of Control hereunder shall not constitute a Change of Control unless and until such events also constitute a "change in control event" (as described in Treas. Reg. Section 1.409A-3(i)(5)(i)) with respect to Holding.

"**Code**" shall mean the Internal Revenue Code of 1986, as amended.

"**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended.

"**Good Reason**" shall mean: (i) any material breach by the Companies of this Agreement without Executive's written consent, or (ii) without Executive's written consent: (A) a material reduction in the Executive's Base Salary, (B) any change in the Executive's title or position as Chief Executive Officer reporting directly to the Board, or any change pursuant to which the Executive is not the most senior officer of the Companies (other than any non-executive chairman), or (C) the relocation of the Executive's principal place of employment more than fifty (50) miles from its location on the Effective Date. For purposes of this Agreement, a Change of Control, alone, does not constitute Good Reason. Furthermore, notwithstanding the above, the occurrence of any of the events described above will not constitute Good Reason unless (x) the Executive gives the Companies written notice within thirty (30) days after the initial occurrence of any of such events that the Executive believes that such event constitutes Good Reason, and (y) the Companies thereafter fail to cure any such event within sixty (60) days after receipt of such notice.

"**Person**" shall mean any natural person, firm, corporation, limited liability company, trust, partnership, limited or limited liability partnership, business association, joint venture or other entity and, for purposes of the definition of Change of Control herein, shall comprise any "person", within the meaning of Sections 13(d) and 14(d) of the Exchange Act, including a "group" as therein defined.

"**Subsidiary**" shall mean, with respect to any Person, any other Person of which such first Person owns 20% or more of the economic interest in such Person or owns or has the power to vote, directly or indirectly, securities representing 20% or more of the votes ordinarily entitled to be cast for the election of directors or other governing Persons.

(b) The capitalized terms used in Section 5(j) have the respective meanings assigned to them in such Section and the following additional terms have the respective meanings assigned to them in the Sections hereof set forth opposite them:

“Accounting Firm”	Section 5(j)
“Agreement”	Introduction
“Annual Bonus”	Section 4(b)
“Base Salary”	Section 4(a)
“Bonus Plan”	Section 4(b)
“Company”	Introduction
“Companies”	Introduction
“Confidential information or proprietary data”	Section 6(a)(2)
“Customer”	Section 6(d)(2)
“Disability”	Section 5(c)
“Effective Date”	Introduction
“Employment Period”	Section 2
“EMS”	Introduction
“Executive”	Introduction
“Holding”	Introduction
“Prior Agreement”	First Recital
“Retirement”	Section 5(f)
“Supplier”	Section 6(d)(2)
“Term” and “Termination Date”	Section 2

Section 2. Term and Employment Period. Subject to Section 19 hereof, the term of this Agreement “**Term**” shall commence on the Effective Date of this Agreement and shall continue until the effective date of termination of the Executive’s employment hereunder pursuant to Section 5 of this Agreement. The period during which the Executive is employed by the Companies pursuant to this Agreement is referred to herein as the “**Employment Period.**” The date on which termination of the Executive’s employment hereunder shall become effective is referred to herein as the “**Termination Date.**” For purposes of Section 5 of this Agreement only, the Termination Date shall mean the date on which a “separation from service” has occurred for purposes of Section 409A of the Code.

Section 3. Duties.

(a) During the Employment Period, the Executive (i) shall serve as President and Chief Executive Officer of the Companies, (ii) shall report directly to the Board, (iii) shall, subject to and in accordance with the authority and direction of the Board, have such authority and perform in a diligent and competent manner such duties as may be assigned to the Executive from time to time by the Board, and (iv) shall devote the Executive’s best efforts and such time, attention, knowledge and skill to the operation of the business and affairs of the Companies as shall be necessary to perform the Executive’s duties. During the Employment Period, the Executive’s place of performance for the Executive’s duties and responsibilities shall be at the Companies’ corporate headquarters office, unless another principal place of performance is agreed in writing among the parties and except for required travel by the Executive on the Companies’ business or as may be reasonably required by the Companies.

(b) Notwithstanding the foregoing, it is understood during the Employment Period, subject to any conflict of interest policies of the Companies, the Executive may (i)

serve in any capacity with any civic, charitable, educational or professional organization provided that such service does not materially interfere with the Executive's duties and responsibilities hereunder, (ii) make and manage personal investments of the Executive's choice, and (iii) with the prior consent of the Board, which shall not be unreasonably withheld, serve on the board of directors of one (1) for-profit business enterprise.

Section 4. **Compensation.** During the Employment Period, the Executive shall be compensated as follows:

(a) the Executive shall receive from the Companies, at such intervals and in accordance with the Companies' payroll policies as may be in effect from time to time, an annual salary (pro rata for any partial year) equal to \$800,000 ("**Base Salary**"). The Base Salary shall be reviewed by the Board from time to time and may, in the Board's sole discretion, be increased when deemed appropriate by the Board; if so increased, it shall not thereafter be reduced (other than an across-the-board reduction applied in the same percentage at the same time to all of the Companies' senior executives at the senior executive grade level);

(b) the Executive shall be eligible to earn an annual incentive compensation award under the Companies' management incentive or bonus plan, or a successor plan thereto, as shall be in effect from time to time (the "**Bonus Plan**"), subject to achievement of performance goals determined in accordance with the terms of the Bonus Plan (such annual incentive compensation award, the "**Annual Bonus**"), with such Annual Bonus to be payable in a cash lump sum at such time as bonuses are ordinarily paid to the Companies' senior executives;

(c) the Executive shall be reimbursed, at such intervals and in accordance with the Companies' policies as may be in effect from time to time, for any and all reasonable and necessary out-of-pocket business expenses incurred by the Executive during the Employment Period for the benefit of the Companies, subject to documentation in accordance with the Companies' policies;

(d) the Executive shall be entitled to participate in all incentive, savings and retirement plans, equity-based compensation plans, practices, policies and programs applicable generally to other senior executives of the Companies and as determined by the Board from time to time;

(e) the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Companies to senior executives of the Companies at the same grade level (including, without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, and accidental death and travel accident insurance plans and programs) to the extent applicable generally to other executives of the Companies at the same grade level;

(f) the Executive shall be entitled to not less than twenty-six (26) days of paid time off per calendar year (pro rata for any partial year); and

(g) the Executive shall be entitled to participate in the Companies' other executive fringe benefits and perquisites generally applicable to the Companies' senior executives at the same grade level in accordance with the terms and conditions of such arrangements as are in effect from time to time.

Section 5. Termination of Employment.

(a) All Accrued Benefits to which the Executive (or the Executive's estate or beneficiary) is entitled shall be payable within thirty (30) days following the Termination Date, except as otherwise specifically provided herein or under the terms of any applicable policy, plan or program, in which case the payment terms of such policy, plan or program shall be determinative.

(b) Any termination by the Companies, or by the Executive, of the Employment Period shall be communicated by written notice of such termination to the Executive, if such notice is delivered by the Companies, and to the Companies, if such notice is delivered by the Executive, each in compliance with the requirements of Section 13 hereof. Except in the event of termination of the Employment Period by reason of Cause or the Executive's death, the effective date of the termination of Executive's employment shall be no earlier than thirty (30) days following the date on which notice of termination is delivered by one party to the other in compliance with the requirements of Section 13 hereof.

(c) If the Employment Period is terminated, other than on or within two (2) years following the date of a Change of Control, by the Executive for Good Reason such that the Executive's separation from service occurs within two years following the initial existence of the condition giving rise to Good Reason, or by the Companies for any reason other than Cause or the Executive's death or permanent disability, as defined in the Companies' Board-approved disability plan or policy as in effect from time to time (or, to the extent necessary to comply with Section 409A of the Code, as defined in Treas. Reg. Section 1.409A-3(i)(4)) ("**Disability**"), then, as the Executive's exclusive right and remedy in respect of such termination:

(i) the Executive shall be entitled to receive from the Companies the Executive's Accrued Benefits in accordance with Section 5(a);

(ii) the Executive shall be entitled to an amount equal to two (2) times the Executive's then existing Base Salary, to be paid in equal installments over the twenty-four (24) month period following the Termination Date, but to the extent necessary to comply with Section 409A of the Code, in no event shall such amount paid under this Section 5(c)(ii) prior to the first day of the seventh month following the Termination Date exceed the lesser of (A) two (2) times the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the calendar year in which the Termination Date occurs, or (B) two (2) times the sum of Executive's annualized compensation based upon the annual rate of pay for services to the Companies for the calendar year prior to the calendar year in which the Termination Date occurs (adjusted for any increase during that year that was expected to continue indefinitely if the Executive had not separated

from service), consistent with the parties' intention that the payments under this Section 5(c)(ii) constitute a "separation pay plan due to involuntary separation from service" under Treas. Reg. § 1.409A-1(b)(9)(iii), subject to the requirements of Section 5(e), Section 5(h) and Section 11;

(iii) the Executive shall be entitled to a payment in an amount equal to two (2) times his or her target Annual Bonus for the calendar year during which the Termination Date occurs (or, if the target Annual Bonus for such year has not been established as of the Termination Date or has been decreased from the prior year's target Annual Bonus, then the target Annual Bonus for the prior year), to be paid at such time as the Annual Bonus award would otherwise be paid in accordance with the Companies' policies;

(iv) the Executive shall be entitled to a lump-sum payment in an amount equal to the pro-rata actual Annual Bonus award which would otherwise be payable for the calendar year during which the Termination Date occurs, with such pro-rata actual Annual Bonus award determined by multiplying the Annual Bonus award amount by a fraction, the numerator of which is the number of days in the calendar year of the Termination Date elapsed prior to the Termination Date and the denominator of which is three hundred and sixty-five (365); such lump sum payment to be made on the date that the Annual Bonus payments are made to other participants in the Bonus Plan;

(v) so long as a timely election for continuation coverage is made by the Executive, the Executive shall continue to be covered, upon the same terms and conditions described in Section 4(e) hereof, by the medical and/or dental insurance plans, programs and/or arrangements as in effect for similarly situated active employees of the Companies, beginning on the Termination Date and continuing until the earlier of: (A) the eighteen (18) month anniversary following the date of the Termination Date, and (B) the date the Executive receives substantially equivalent coverage under the plans, programs and/or arrangements of a subsequent employer, provided that Executive timely pays the Executive's portion of such coverage and otherwise remains eligible for such coverage under applicable law, and provided further that if the Companies determine that the coverage to be provided under this Section 5(c)(v) would cause a self-insured plan maintained by the Companies to be in violation of the nondiscrimination requirements of Section 105(h) of the Code, then such coverage will be paid for by the Executive by means of the Companies reporting imputed income to Executive on a monthly basis for the fair market value of such coverage plus additional imputed amounts to pay any income tax at source on resulting wages subject to FICA or the income tax withholding provisions of federal or state tax law, including pyramiding wages and taxes (and the Companies shall be responsible for depositing all applicable withholding amounts in a timely manner with the appropriate tax authority);

(vi) the Executive shall receive a lump sum payment in an amount equal to the amount the Companies would otherwise expend for 24 months of coverage for its share of the premiums for life and disability insurance plans or programs as

in effect for Executive immediately prior to the Termination Date, payable to Executive within ninety (90) days following the Termination Date; and

(vii) for the period commencing on the Termination Date and ending not later than the last day of the second calendar year after the Termination Date, the Executive shall be entitled to receive executive level career transition assistance services provided by a career transition assistance firm selected by the Executive and paid for by the Companies in an amount not to exceed \$60,000. The Executive shall not be eligible to receive cash in lieu of executive level career transition assistance services.

(d) If during the Employment Period, a Change of Control occurs and the Employment Period is terminated on or within two (2) years following the date of such Change of Control by the Companies for any reason other than Cause or Executive's death or Disability or by the Executive for Good Reason, and, in the case of Executive's resignation for Good Reason, the Executive's separation from service occurs within two years following the initial existence of the condition giving rise to Good Reason, then:

(i) the Executive shall be entitled to receive from the Companies the Executive's Accrued Benefits in accordance with Section 5(a);

(ii) the Executive shall be entitled to a lump-sum payment in an amount equal to three (3) times the Executive's then existing Base Salary, to be paid within ninety (90) days following the Termination Date, subject to the requirements of Section 5 (e), Section 5(h) and Section 11;

(iii) the Executive shall be entitled to a lump-sum payment in an amount equal to three (3) times the Executive's target incentive compensation award for the calendar year during which the Termination Date occurs, to be paid within ninety (90) days following the Termination Date;

(iv) the Executive shall be entitled to a lump-sum payment to be paid within ninety (90) days following the Termination Date in an amount equal to the pro-rata target incentive compensation award for the calendar year during which the Termination Date occurs. Such pro-rata target incentive compensation award shall be determined by multiplying the target incentive compensation award amount by a fraction, the numerator of which is the number of days in the calendar year of the Termination Date elapsed prior to the Termination Date and the denominator of which is three hundred and sixty-five (365);

(v) so long as a timely election for continuation coverage is made by the Executive, the Executive shall continue to be covered, upon the same terms and conditions described in Section 4(e) hereof, by the medical and/or dental insurance plans, programs and/or arrangements as in effect for similarly situated active employees of the Companies, beginning on the Termination Date and continuing until the earlier of: (A) the eighteen (18) month anniversary following the date of the Termination Date, and (B) the date the Executive receives substantially

equivalent coverage under the plans, programs and/or arrangements of a subsequent employer, provided that Executive timely pays the Executive's portion of such coverage and otherwise remains eligible for such coverage under applicable law, and provided further that if the Companies determine that the coverage to be provided under this Section 5(d)(v) would cause a self-insured plan maintained by the Companies to be in violation of the nondiscrimination requirements of Section 105(h) of the Code, then such coverage will be paid for by the Executive by means of the Companies reporting imputed income to Executive on a monthly basis for the fair market value of such coverage plus additional imputed amounts to pay any income tax at source on resulting wages subject to FICA or the income tax withholding provisions of federal or state tax law, including pyramiding wages and taxes (and the Companies shall be responsible for depositing all applicable withholding amounts in a timely manner with the appropriate tax authority);

(vi) the Executive shall receive a lump sum payment in an amount equal to the amount the Companies would otherwise expend for 36 months of coverage for its share of the premiums for life and disability insurance plans or programs as in effect for Executive immediately prior to the Termination Date, payable to Executive within ninety (90) days following the Termination Date;

(vii) the Executive shall receive a lump sum cash payment, payable to Executive within ninety (90) days following the Termination Date, in an amount equal to the additional benefit value (on a present value, differential basis) that would be payable to Executive under the Companies' defined benefit retirement plan if the Executive had three (3) additional years of credit for purposes of age, benefit service and vesting;

(viii) if the Executive's outstanding equity-based incentive awards have not by then fully vested pursuant to the terms of the Companies' applicable equity-based incentive plan(s) and applicable award agreement(s), then to the extent permitted in those plan(s) and as provided in the applicable award agreement(s), the Executive shall continue to vest in the Executive's unvested equity-based incentive awards following the Termination Date;

(ix) for the period commencing on the Termination Date and ending not later than the last day of the second calendar year after the Termination Date, the Executive shall be entitled to receive executive level career transition assistance services provided by a career transition assistance firm selected by the Executive and paid for by the Companies in an amount not to exceed \$60,000. The Executive shall not be eligible to receive cash in lieu of executive level career transition assistance services; and

(x) the Executive shall be entitled to be reimbursed by the Companies for the Executive's reasonable attorneys' fees, costs and expenses incurred in conjunction with any dispute regarding Section 5(d) if Executive prevails in any material respect in such dispute, provided that (A) the applicable statutes of limitations shall not have expired for any claim arising from the dispute that could

be raised in a court of law; (B) Executive shall submit to the Companies verification of legal expenses for reimbursement within 60 days from the date the expense was incurred; (C) the Companies shall reimburse Executive for eligible expenses promptly thereafter, but in any event not earlier than the first day of the seventh month following the Termination Date and not later than December 31 of the calendar year following the calendar year in which the expense was incurred; (D) the expenses eligible for reimbursement during any given calendar year shall not affect the expenses eligible for reimbursement in any other calendar year; and (E) the right to reimbursement hereunder may not be liquidated or exchanged for cash or any other benefit.

(e) Any amounts payable pursuant to Sections 5(c) and 5(d) above shall be considered severance payments and, except for the Executive's vested benefits under the Companies' employee benefit plans (other than severance plans), shall be in full and complete satisfaction of the obligations of the Companies to the Executive in connection with the termination of the Executive's employment. Any cash payment due under Section 5(c) (iii), (iv) and (vi) or under Section 5(d)(ii), (iii), (iv), (vi), and (vii) is intended to constitute a short-term deferral under Treas. Reg. § 1.409A-1(b)(4) and, accordingly, notwithstanding any longer time period specified in Section 5(c) or (d), such payment shall be made no later than two and one-half (2-1/2) months after the end of the calendar year in which the right to the payment is no longer subject to a substantial risk of forfeiture within the meaning of the regulations under Section 409A of the Code, with payment in all cases being conditioned on satisfaction of the requirements of Section 5(h).

(f) If the Employment Period is terminated as a result of the Executive's death, Disability or Retirement (as defined below), then the Executive shall be entitled to (i) the Executive's Accrued Benefits in accordance with Section 5(a), (ii) any benefits that may be payable to the Executive under any applicable Board-approved disability, life insurance or retirement plan or policy in accordance with the terms of such plan or policy, and (iii) a lump sum payment in an amount equal to:

(A) in the event the Employment Period is terminated as a result of Executive's death or Disability, an amount equal to the pro-rata target Annual Bonus award for the calendar year during which the Termination Date occurs by reason of the Executive's death or Disability. Such lump sum payment shall be determined by multiplying the target Annual Bonus award amount by a fraction, the numerator of which is the number of days in the calendar year of the Termination Date elapsed prior to the Termination Date and the denominator of which is three hundred and sixty-five (365); or

(B) in the event the Employment Period is terminated as a result of Executive's Retirement, an amount equal to the pro-rata actual Annual Bonus award for the calendar year during which the Termination Date occurs by reason of the Executive's Retirement. Such lump sum payment shall be determined by multiplying the actual Annual Bonus award amount by a fraction, the numerator of which is the number of days in the calendar year of the Termination Date elapsed

prior to the Termination Date and the denominator of which is three hundred and sixty-five (365).

In the event the Employment Period is terminated as a result of Executive's death, such lump sum payment shall be made within 30 days following the Termination Date; in the event the Employment Period is terminated as a result of Executive's Disability or Retirement, such lump sum payment shall be made on the date that Annual Bonus payments are made to other participants in the Bonus Plan, but in no case later than March 15 of the year following the year in which the Termination Date occurs. As used in this Agreement, "**Retirement**" shall mean the Executive's separation from service (as defined in the regulations promulgated under Section 409A of the Code) occurring after the Executive reaches age sixty (60) and having completed at least five (5) years of service with the Companies.

(g) Notwithstanding anything else contained herein, if the Executive terminates his employment for any reason other than Disability or Retirement and without Good Reason, or the Companies terminate the Executive's employment for Cause, all of the Executive's rights to payment from the Companies (including pursuant to any plan or policy of the Companies) shall terminate immediately, except the right to payment for Accrued Benefits in respect of periods prior to such termination.

(h) Notwithstanding anything to the contrary contained in this Section 5, the Executive shall be required to execute the Companies' then current standard release agreement as a condition to receiving any of the payments and benefits provided for in Sections 5(c) and (d), excluding the Accrued Benefits in accordance with Section 5(a), and no payments and benefits provided for in Sections 5(c) and (d) other than the Accrued Benefits in accordance with Section 5(a) shall be payable to Executive unless all applicable consideration and rescission periods for the release agreement have expired, Executive has not rescinded the release agreement and Executive is in compliance with each of the terms and conditions of such release agreement and this Agreement as of the date of such payments and benefits. It is acknowledged and agreed that the then current standard release agreement shall not diminish or terminate the Executive's rights under this Agreement or the Indemnification Agreement (identified in Section 16 below).

(i) In the event of a termination of the Executive's employment entitling the Executive to benefits under Section 5(c) or 5 (d) above, subject to the Executive's affirmative obligations pursuant to Section 6, the Executive shall be under no obligation to seek other employment or otherwise mitigate the obligations of the Companies under this Agreement.

(j) Notwithstanding any provision to the contrary contained in this Agreement, if the cash payments due and the other benefits to which Executive shall become entitled under Section 5, either alone or together with other payments in the nature of compensation to Executive which are contingent on a change in the ownership or effective control of the Companies or in the ownership of a substantial portion of the assets of the Companies or otherwise, would constitute a "parachute payment" (as defined in Section 280G of the Code or any successor provision thereto), such payments or benefits shall be reduced (but not below zero) to the largest aggregate amount as will result in no portion thereof being

subject to the excise tax imposed under Section 4999 of the Code (or any successor provision thereto) or being non-deductible to the Companies for Federal Income Tax purposes pursuant to Section 280G of the Code (or any successor provision thereto), provided, however, that the foregoing reduction will be made only if and to the extent that such reduction would result in an increase in the aggregate payment and benefits to be provided to Executive, determined on an after-tax basis (taking into account the excise tax imposed pursuant to Section 4999 of the Code, or any successor provision thereto, any tax imposed by any comparable provision of state law, and any applicable federal, state and local income taxes). Executive agrees to take such action as Employer reasonably requests to mitigate or challenge the application of such tax, provided that Employer shall supply such counsel and expert advice, including legal counsel and accounting advice, as may reasonably be required, and shall be responsible for the payment of such experts' fees. If requested by Executive or the Companies, the determination of whether any reduction in payments or benefits to be provided under this Section 5 or otherwise is required pursuant to this Section 5(j) will be made by a national accounting firm selected and reimbursed by the Companies from among the ten (10) largest accounting firms in the United States as determined by gross revenues, not then-engaged as the Companies' independent public auditor (the "**Accounting Firm**"), subject to Executive's consent (not to be unreasonably withheld) and the determination of such Accounting Firm will be final and binding on all parties. In making its determination, the Accounting Firm will allocate a reasonable portion of such payments and benefits to the value of any personal services rendered following the Change of Control and the value of any non-competition agreement or similar agreements to the extent that such items reduce the amount of the parachute payment. In the event that any payment or benefit intended to be provided under this Section 5 or otherwise is required to be reduced pursuant to this Section 5(j), the Companies shall make such reduction first by reducing amounts payable under Section 5(d)(i) and thereafter by reducing amounts payable under the following Sections of this Agreement in the following order, as necessary to achieve the reduction: 5(d)(iii), 5(d)(iv), 5(d)(vi), 5(d)(vii), and 5(d)(ii). Amounts payable as reimbursements under Sections 5(d)(v) and 5(d)(x), if any, shall not be subject to reduction. No modification of, or successor provision to, Section 280G or Section 4999 subsequent to the date of this Agreement shall, however, reduce the benefits to which the Executive would be entitled under this Agreement in the absence of this Section 5(j) to a greater extent than they would have been reduced if Section 280G and Section 4999 had not been modified or superseded subsequent to the date of this Agreement, notwithstanding anything to the contrary provided in the first sentence of this Section 5(j).

Section 6. Further Obligations of the Executive.

(a) (1) During the Executive's employment by the Companies, whether before or after the Employment Period, and after the termination of Executive's employment by the Companies, the Executive shall not, directly or indirectly, disclose, disseminate, make available or use any confidential information or proprietary data of the Companies or any of their Subsidiaries, except as reasonably necessary or appropriate for the Executive to perform the Executive's duties for the Companies, or as authorized in writing by the Board or as required by any court or administrative agency (and then only after prompt notice to the Companies to permit the Companies to seek a protective order).

(2) For purposes of this Agreement, “**confidential information or proprietary data**” means information and data prepared, compiled, or acquired by or for the Executive during or in connection with the Executive’s employment by the Companies (including, without limitation, information belonging to or provided in confidence by any Customer, Supplier, trading partner or other Person to which the Executive had access by reason of Executive’s employment with the Companies) which is not generally known to the public or which could be harmful to the Companies or their Subsidiaries if disclosed to Persons outside of the Companies. Such confidential information or proprietary data may exist in any form, tangible or intangible, or media (including any information technology-related or electronic media) and includes, but is not limited to, the following information of or relating to the Companies or any of their Subsidiaries, Customers or Suppliers:

(i) Business, financial and strategic information, such as sales and earnings information and trends, material, overhead and other costs, profit margins, accounting information, banking and financing information, pricing policies, capital expenditure/investment plans and budgets, forecasts, strategies, plans and prospects.

(ii) Organizational and operational information, such as personnel and salary data, information concerning the utilization or capabilities of personnel, facilities or equipment, logistics management techniques, methodologies and systems, methods of operation data and facilities plans.

(iii) Advertising, marketing and sales information, such as marketing and advertising data, plans, programs, techniques, strategies, results and budgets, pricing and volume strategies, catalog, licensing or other agreements or arrangements, and market research and forecasts and marketing and sales training and development courses, aids, techniques, instruction and materials.

(iv) Product and merchandising information, such as information concerning offered or proposed products or services and the sourcing of the same, product or services specifications, data, drawings, designs, performance characteristics, features, capabilities and plans and development and delivery schedules.

(v) Information about existing or prospective Customers or Suppliers, such as Customer and Supplier lists and contact information, Customer preference data, purchasing habits, authority levels and business methodologies, sales history, pricing and rebate levels, credit information and contracts.

(vi) Technical information, such as information regarding plant and equipment organization, performance and design, information technology and logistics systems and related designs, integration, capabilities, performance and plans, computer hardware and software, research and development objectives, budgets and results, intellectual property applications, and other design and performance data.

(b) All records, files, documents and materials, in whatever form and media, relating to the Companies' or any of their Subsidiaries' business (including, but not limited to, those containing or reflecting any confidential information or proprietary data) which the Executive prepares, uses, or comes into contact with, including the originals and all copies thereof and extracts and derivatives therefrom, shall be and remain the sole property of the Companies or their Subsidiaries. Upon termination of the Executive's employment for any reason, whether during or after the Employment Period, the Executive shall immediately return all such records, files, documents, materials and other property of the Companies and their Subsidiaries in the Executive's possession, custody or control, in good condition, to the Companies.

(c) The Companies maintain, and Executive acknowledges and agrees, the Companies have and will entrust Executive with proprietary information, strategies, knowledge, customer relationships and know-how which would be detrimental to the Companies' interest in protecting relationships with Customers and/or Suppliers if Executive were to provide services or otherwise participate in the operation of a competitor of the Companies. Therefore, during (i) the Executive's employment by the Companies, whether during or after the Employment Period, and (ii) the twenty-four (24) month period following the end of Executive's employment with the Companies, the Executive shall not in any capacity (whether as an owner, employee, consultant or otherwise) at any time perform, manage, supervise, or be responsible or accountable for anyone else who is performing services -- which are the same as, substantially similar or related to the services the Executive is providing, or during the last two years of the Executive's employment by the Companies has provided, for the Companies or their Subsidiaries -- for, or on behalf of, any other Person who or which is (1) a wholesaler of office products, including traditional office products, computer consumable products, office furniture, janitorial and/or sanitation products, food service paper/non-food products, audio/visual and business machines or such other products whether or not related to the foregoing provided by the Companies or their Subsidiaries during the last twelve (12) months of the Executive's employment with the Companies, whether during or after the Employment Period, (2) a provider of services the same as or substantially similar to those provided by the Companies or their Subsidiaries during the last twelve (12) months of the Executive's employment with the Companies, whether during or after the Employment Period, or (3) engaged in a line of business other than described in (1) or (2) hereinabove which is the same or substantially similar to the lines of business engaged in by the Companies or their Subsidiaries, or to any line of business which to the Executive's knowledge is under active consideration or planning by the Companies and their Subsidiaries, during the last twelve (12) months of the Executive's employment with the Companies, whether during or after the Employment Period.

(d) (1) During (i) the Executive's employment by the Companies, whether during or after the Employment Period, and (ii) the twenty-four (24) month period following the end of the Executive's employment with the Companies, the Executive shall not at any time, directly or indirectly, solicit any Customer for or on behalf of any Person other than the Companies or any of their Subsidiaries with respect to the purchase of (A) office products, including traditional office products, computer consumable products, office furniture, janitorial and/or sanitation products, food service paper/non-food

products, audio/visual and business machines, or such other products whether or not related to the foregoing provided by the Companies or their Subsidiaries to such Customer during the last twelve (12) months of the Executive's employment with the Companies, whether during or after the Employment Period, (B) services the same as or substantially similar to those provided by the Companies or their Subsidiaries to such Customer during the last twelve (12) months of the Executive's employment with the Companies, whether during or after the Employment Period or (C) products or services from a line of business other than as described in (A) or (B) herein which are the same or substantially similar to the products and services provided to such Customer from a line of business engaged in by the Companies or their Subsidiaries during the last twelve (12) months of the Executive's employment with the Companies, whether during or after the Employment Period. Without limiting the foregoing, (i) during the Executive's employment by the Companies, whether during or after the Employment Period, and (ii) insofar as the Executive may be employed by, or acting for or on behalf of, a Supplier at any time within the twenty-four (24) month period following the end of the Executive's employment with the Companies, the Executive shall not at any time, directly or indirectly, solicit any Customer to switch the purchase of the products or services described hereinabove from the Companies or their Subsidiaries to Supplier.

(2) For purposes of this Agreement, a "**Customer**" is any Person who or which has ordered or purchased by or from the Companies or any of their Subsidiaries (A) office products, including traditional office products, computer consumable products, office furniture, janitorial and/or sanitation products, food service paper/non-food products, audio/visual and business machines or such other products whether or not related to the foregoing, (B) services provided by or from the Companies or any of their Subsidiaries or (C) products or services from a line of business other than as described in (A) or (B) herein which are the same or substantially similar to the products and services from a line of business engaged in by the Companies or their Subsidiaries during the last twelve (12) months of the Executive's employment with the Companies, whether during or after the Employment Period. For purposes of this Agreement, a "**Supplier**" is any Person who or which has furnished to the Companies or their Subsidiaries for resale (A) office products, including traditional office products, computer consumable products, office furniture, janitorial and/or sanitation products, food service paper/non-food products, audio/visual and business machines or such other products whether or nor related to the foregoing (B) services provided by or from the Companies or any of their Subsidiaries or (C) products or services from a line of business other than as described in (A) or (B) herein which are the same or substantially similar to the products and services from a line of business engaged in by the Companies or their Subsidiaries during the last twelve (12) months of the Executive's employment with the Companies, whether during or after the Employment Period.

(e) During the Executive's employment by the Companies, whether during or after the Employment Period, and during the twenty-four (24) month period following the end of the Executive's employment with the Companies, the Executive shall not at any time, directly or indirectly, induce or solicit any employee of the Companies or any of their Subsidiaries for the purpose of causing such employee to terminate his or her employment with the Companies or such Subsidiary.

(f) The Executive shall not, directly or indirectly, make or cause to be made (and shall prohibit the officers, directors, employees, agents and representatives of any Person controlled by Executive not to make or cause to be made) any disparaging, derogatory, misleading or false statement, whether orally or in writing, to any Person, including members of the investment community, press, and customers, competitors and advisors to the Companies, about the Companies, their respective parents, Subsidiaries or Affiliates, their respective officers or members of their boards of directors, or the business strategy or plans, policies, practices or operations of the Companies, or of their respective parents, Subsidiaries or Affiliates.

(g) If any court determines that any portion of this Section 6 is invalid or unenforceable, the remainder of this Section 6 shall not thereby be affected and shall be given full effect without regard to the invalid provision. If any court construes any of the provisions of Section 6(c), 6(d), 6(e) or 6(f) above, or any part thereof, to be unreasonable because of the duration or scope of such provision, such court shall have the power to reduce the duration or scope of such provision and to enforce such provision as so reduced.

(h) During the Executive's employment with the Companies, whether during or after the Employment Period, and during the twenty-four (24) month period following the end of Executive's employment with the Companies, the Executive agrees that, prior to accepting employment with a Customer or Supplier of the Companies, the Executive will give notice to the Chief Executive Officer of the Companies. The Companies reserve the right to make such Customer or Supplier aware of the Executive's obligations under Section 6 of this Agreement.

(i) During and following Executive's Employment Period, the Executive shall furnish a copy of this Section 6 in its entirety to any prospective employer prior to accepting employment with such prospective employer.

(j) The Executive hereby acknowledges and agrees that damages will not be an adequate remedy for the Executive's breach of any provision of this Section 6, and further agrees that the Companies shall be entitled to obtain appropriate injunctive and/or other equitable relief for any such breach, without the posting of any bond or other security, in addition to all other legal remedies to which the Companies may be entitled.

Section 7. **Successors.** The Companies may assign their rights under this Agreement to any successor to all or substantially all the assets of the Companies, by merger or otherwise, and may assign or encumber this Agreement and its rights hereunder as security for indebtedness of the Companies. Any such assignment by the Companies shall remain subject to the Executive's rights under Section 5 hereof. The rights of the Executive under this Agreement may not be assigned or encumbered by the Executive, voluntarily or involuntarily, during the Executive's lifetime, and any such purported assignment shall be void *ab initio*. Notwithstanding the foregoing, all rights of the Executive under this Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, estates, executors, administrators, heirs and beneficiaries. All amounts payable to the Executive hereunder shall be paid, in the event of the Executive's death, to the Executive's estate, heirs or representatives.

Section 8. **Third Parties.** Except for the rights granted to the Companies and their Subsidiaries pursuant hereto (including, without limitation, pursuant to Section 6 hereof) and except as expressly set forth or referred to herein, nothing herein expressed or implied is intended or shall be construed to confer upon or give any person other than the parties hereto and their successors and permitted assigns any rights or remedies under or by reason of this Agreement.

Section 9. **Enforcement.** The provisions of this Agreement shall be regarded as divisible and, if any of said provisions or any part or application thereof is declared invalid or unenforceable by a court of competent jurisdiction, the same shall not affect the other provisions hereof, other parts or applications thereof or the whole of this Agreement, but such provision shall be deemed modified to the extent necessary to render such provision enforceable, and the rights and obligations of the parties shall be construed and enforced accordingly, preserving to the fullest permissible extent the intent and agreements of the parties herein set forth.

Section 10. **Amendment.** Except as otherwise provided in this Section 10, this Agreement may not be amended or modified at any time except by a written instrument approved by the Board, and executed by the Companies and the Executive; provided, however, that any attempted amendment or modification without such approval and execution shall be null and void *ab initio* and of no effect. Notwithstanding the foregoing, effective upon 30 days' notice to Executive and without further consideration from the Companies, this Agreement may be amended by the Companies in their sole discretion to the limited extent they deem necessary and appropriate to conform the terms of this Agreement to the requirements of any applicable laws, rules and regulations enacted or promulgated after the Effective Date of this Agreement. Any such amendments shall preserve the value of any payments or benefits payable to Executive under this Agreement to the extent practicable without defeating the purpose of the amendment, as determined in the sole discretion of the Companies.

Section 11. **Payment; Taxes and Withholding.** The Companies shall be responsible as employer for payment of all cash compensation and severance payments provided herein, and the Company shall cause the Companies to make such payments. The Executive shall not be entitled to receive any additional compensation from the Companies for any services the Executive provides to the Companies. The Companies shall be entitled to withhold from any amounts to be paid to the Executive hereunder any federal, state, local, or foreign withholding or other taxes or charges which it is from time to time required to withhold. The Companies shall be entitled to rely on an opinion of counsel if any question as to the amount or requirement of any such withholding shall arise. Executive shall be solely responsible for the payment of all taxes due and owing with respect to wages, benefits, and other compensation provided to the Executive hereunder. This Agreement is intended to satisfy, or be exempt from, the requirements of Section 409A(a)(2), (3) and (4) of the Code, including current and future guidance and regulations interpreting such provisions, and should be interpreted accordingly. Notwithstanding anything in this Agreement to the contrary, if any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Section 409A of the Code would otherwise be payable under this Agreement by reason of Executive's "separation from service" (as defined under Treas. Reg. Section 1.409A-1(h)) during a period in which Executive is a "specified employee" (as defined in Code Section 409A(2)(B)(i)), then: (i) the amount of such non-exempt deferred compensation that would otherwise be payable during the six-month period immediately following Executive's separation from service will be accumulated through and paid (without interest) or

provided on the first day of the seventh month following Executive's separation from service or, if Executive dies during such period, within 30 days after Executive's death) (in either case, the "**Required Delay Period**"); and (ii) the normal payment or distribution schedule for any remaining payments or distributions will resume at the end of the Required Delay Period. If Executive is entitled to be paid or reimbursed for any taxable expenses under this Agreement, including without limitation under Sections 5(c)(v) and 5(d)(v), and such payments or reimbursements are includible in Executive's federal taxable income, the amount of such expenses reimbursable in any one calendar year shall not affect the amount reimbursable in any other calendar year, and the reimbursement of an eligible expense must be made no later than December 31 of the year after the year in which the expense was incurred. No right of Executive to reimbursement of expenses under this Agreement, including without limitation under Sections 5(c)(v) and 5(d)(v), shall be subject to liquidation or exchange for another benefit. For purposes of Section 409A of the Code, the right to installment payments hereunder shall constitute the right of the Executive to receive a series of separate and distinct payments.

Section 12. Governing Law. This Agreement and the rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Illinois, without regard to principles of conflicts of law of Illinois or any other jurisdiction.

Section 13. Notice. Notices given pursuant to this Agreement shall be in writing and shall be deemed given when received and, if mailed, shall be mailed by United States registered or certified mail, return receipt requested, addressee only, postage prepaid:

If to the Companies:

Essendant Inc.
Essendant Co.
Essendant Management Services, LLC
One Parkway North Blvd.
Suite 100
Deerfield, Illinois 60015-2559
Attention: General Counsel

If to the Executive:

At the Executive's home address as set forth in the records of the Companies

or to such other address as the party to be notified shall have given to the other in accordance with the notice provisions set forth in this Section 13.

Section 14. No Waiver. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by the other party shall be deemed a waiver of similar or dissimilar provisions or conditions at any time.

Section 15. Headings. The headings contained herein are for reference only and shall not affect the meaning or interpretation of any provision of this Agreement.

Section 16. **Indemnification.** The provisions set forth in the Indemnification Agreement appended hereto as Attachment A are hereby incorporated into this Agreement and made a part hereof. The parties agree that such Indemnification Agreement remains in full force and effect.

Section 17. **Execution in Counterparts.** This Agreement, including the Indemnification Agreement, may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 18. **Arbitration.** Any dispute, controversy or question arising under, out of, or relating to this Agreement (or the breach thereof), or, the Executive's employment with the Companies or termination thereof, shall be referred for arbitration in Chicago, Illinois to a neutral arbitrator selected by the Executive and the Companies (or if the parties are unable to agree on selection of such an arbitrator, one selected by the American Arbitration Association pursuant to its rules referred to below) and this shall be the exclusive and sole means for resolving such dispute. Such arbitration shall be conducted in accordance with the National Rules for Resolution of Employment Disputes of the American Arbitration Association. Except as provided in Section 5(d)(x) above, the arbitrator shall have the discretion to award reasonable attorneys' fees, costs and expenses to the prevailing party. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Nothing in this Section 18 shall be construed so as to deny the Companies the right and power to seek and obtain injunctive relief in a court of equity for any breach or threatened breach by the Executive of any of the Executive's covenants in Section 6 hereof. Moreover, this Section 18 and Section 12 hereof shall not be applicable to any dispute, controversy or question arising under, out of, or relating to the Indemnification Agreement.

Section 19. **Survival.** Notwithstanding the stated Term of this Agreement, the provisions of this Agreement necessary to carry out the intention of the parties as expressed herein, including without limitation those in Sections 5, 6, 7, 16 and 18, shall survive the termination or expiration of this Agreement.

Section 20. **Construction.** The parties acknowledge that this Agreement is the result of arm's-length negotiations between sophisticated parties each afforded representation by legal counsel. Each and every provision of this Agreement shall be construed as though both parties participated equally in the drafting of same, and any rule of construction that a document shall be construed against the drafting party shall not be applicable to this Agreement.

Section 21. **Free to Contract.** The Executive represents and warrants to the Companies that the Executive is able freely to accept employment by the Companies as described in this Agreement and that there are no existing agreements, arrangements or understandings, written or oral, that would prevent the Executive from entering into this Agreement, would prevent or restrict the Executive in any way from rendering services to the Companies as provided herein during the Employment Period or would be breached by the future performance by the Executive of the Executive's duties and responsibilities hereunder.

Section 22. **Entire Agreement.** This Agreement, including the Indemnification Agreement and any other written undertakings by the Executive referred to herein, supersedes all

other agreements, arrangements or understandings (whether written or oral) between the Companies and the Executive with respect to the subject matter of this Agreement, including without limitation the Prior Agreement and the Executive's employment relationship with the Companies and any of their Subsidiaries, and this Agreement contains the sole and entire agreement among the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement does not supersede the terms of the Offer of Employment.

Section 23. Recovery of Payments. The Companies may recover any cash or equity awarded to Executive under this Agreement or any plan or program of the Companies, or proceeds from the sale of such equity, to the extent required by any rule of the Securities and Exchange Commission or any listing standard of the Nasdaq Stock Market, including any rule or listing standard requiring recovery of incentive compensation in connection with an accounting restatement due to the Companies' material noncompliance with any financial reporting requirement under the securities laws, which recovery shall be subject to the terms of any policy of the Companies implementing such rule or listing standard.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement in one or more counterparts, each of which shall be deemed one and the same instrument, as of the last day and year written below, but effective as of the Effective Date.

EXECUTED ON:

July 22, 2016

ESSENDANT INC.

By: /s/Charles K. Crovitz

Name: Charles K. Crovitz

Title: Chairman of the Board of Directors

EXECUTED ON:

July 19, 2016

ESSENDANT INC.

By: /s/Eric A. Blanchard

Name: Eric A. Blanchard

Title: Senior Vice President, General Counsel and Secretary

EXECUTED ON:

July 19, 2016

ESSENDANT MANAGEMENT SERVICES, LLC

By: /s/Eric A. Blanchard

Name: Eric A. Blanchard

Title: Senior Vice President, General Counsel and Secretary

EXECUTED ON:

July 19, 2016

EXECUTIVE

/s/Robert B. Aiken, Jr.

Name: Robert B. Aiken, Jr.

ATTACHMENT A

INDEMNIFICATION AGREEMENT

This INDEMNIFICATION AGREEMENT is made and entered into as of the ____ day of _____, 20__ (the "Agreement"), by and between Essendant Inc., a Delaware corporation (the "Company"), the director or executive officer of the Company whose name appears on the signature page of this Agreement ("Indemnitee"), and for purposes of Section 9 only, Essendant Co., an Illinois corporation and wholly-owned subsidiary of the Company ("ECO").

WHEREAS, highly competent persons are becoming more reluctant to serve publicly-held corporations as directors or executive officers or in other capacities unless they are provided with reasonable protection through insurance or indemnification against risks of claims and actions against them arising out of their service to and activities on behalf of the corporations.

WHEREAS, the Board of Directors of the Company (the "Board") has determined that the Company should act to assure its directors and executive officers that there will be increased certainty of such protection in the future.

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified.

WHEREAS, Indemnitee is willing to serve, to continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified.

WHEREAS, in consideration of the benefits received and to be received by the Company in connection with actions taken and to be taken by the Board and by the officers of the Company, the Company has determined that it is in the best interest of the Company for the reasons set forth above to be a party to this Agreement and to provide indemnification to the directors and executive officers of the Company in connection with their service to and activities on behalf of the Company and its subsidiaries.

WHEREAS, the Company acknowledges that for purposes of this Agreement the directors and executive officers of the Company who enter into this Agreement are serving in such capacities at the request of the Company.

WHEREAS, the Company further acknowledges that such directors and executive officers are willing to serve, to continue to serve and to take on additional service for or on behalf of the Company, thereby benefiting the Company and its subsidiaries, on the condition that the Company enter into, and provide indemnification pursuant to, this Agreement.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

1. Definitions.

(a) For purposes of this Agreement:

(i) "Affiliate" shall mean any corporation, partnership, joint venture, trust or other enterprise in respect of which Indemnitee is or was or will be serving directly or indirectly at the request of the Company.

(ii) "Disinterested Director" shall mean a director of the Company who is not or was not a party to the Proceeding in respect of which indemnification is being sought by Indemnitee.

(iii)"Expenses" shall include all reasonable attorneys' fees and costs, retainers, court costs, transcripts, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses incurred in connection with asserting or defending claims.

(iv)"Independent Counsel" shall mean a law firm or lawyer that neither is presently nor in the past calendar year has been retained to represent: (i) the Company or Indemnitee in any matter material to any such party or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder in any matter material to such other party. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any law firm or person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing any of the Company or Indemnitee in an action to determine Indemnitee's right to indemnification under this Agreement. All Expenses of the Independent Counsel incurred in connection with acting pursuant to this Agreement shall be borne by the Company.

(v)"Losses" shall mean all liabilities, losses and claims (including judgments, fines, penalties and amounts to be paid in settlement) incurred in connection with any Proceeding.

(vi)"Proceeding" shall include any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, administrative hearing or any other proceeding, whether civil, criminal, administrative or investigative.

2. Service by Indemnitee. Indemnitee agrees to begin or continue to serve the Company or any Affiliate as a director or an executive officer. Notwithstanding anything contained herein, this Agreement shall not create a contract of employment between the Company and Indemnitee, and the termination of Indemnitee's relationship with the Company or an Affiliate by either party hereto shall not be restricted by this Agreement.

3. Indemnification. The Company agrees to indemnify Indemnitee for, and hold Indemnitee harmless from and against, any Losses or Expenses at any time incurred by or assessed against Indemnitee arising out of or in connection with the service of Indemnitee as a director or an executive officer of the Company or in any capacity for an Affiliate at the request of the Company (collectively referred to as a "Director or an Officer of the Company") to the fullest extent permitted by the laws of the State of Delaware in effect on the date hereof or as such laws may from time to time hereafter be amended to increase the scope of such permitted indemnification. Without diminishing the scope of the indemnification provided by this Section 3, the rights of indemnification of Indemnitee provided hereunder shall include but shall not be limited to those rights set forth hereinafter.

4. Action or Proceeding Other Than an Action by or in the Right of the Company. Indemnitee shall be entitled to the indemnification rights provided herein if Indemnitee is a person who was or is made a party or is threatened to be made a party to or is involved (including, without limitation, as a witness) in any Proceeding, other than an action by or in the

right of the Company, as the case may be, by reason of (a) the fact that Indemnitee is or was a Director or an Officer of the Company or (b) anything done or not done by Indemnitee in any such capacity.

5. Actions by or in the Right of the Company. Indemnitee shall be entitled to the indemnification rights provided herein if Indemnitee is a person who was or is a party or is threatened to be made a party to or is involved (including, without limitation, as a witness) in any Proceeding brought by or in the right of the Company to procure a judgment in its favor by reason of (a) the fact that Indemnitee is or was a Director or an Officer of the Company or (b) anything done or not done by Indemnitee in any such capacity. Pursuant to this Section, Indemnitee shall be indemnified against Losses or Expenses incurred or suffered by Indemnitee or on Indemnitee's behalf in connection with the defense or settlement of any Proceeding if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. Notwithstanding the foregoing provisions of this Section, no such indemnification shall be made in respect of any claim, issue or matter as to which Delaware law expressly prohibits such indemnification by reason of an adjudication of liability of Indemnitee to the Company unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such Losses and Expenses which the Court of Chancery or such other court shall deem proper.

6. Indemnification for Losses and Expenses of Party Who is Wholly or Partly Successful. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been wholly successful on the merits or otherwise in any Proceeding referred to in Section 3, 4 or 5 hereof on any claim, issue or matter therein, Indemnitee shall be indemnified against all Losses and Expenses incurred by Indemnitee or on Indemnitee's behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company agrees to indemnify Indemnitee to the maximum extent permitted by law against all Losses and Expenses incurred by Indemnitee in connection with each successfully resolved claim, issue or matter. In any review or Proceeding to determine the extent of indemnification, the Company shall bear the burden of proving any lack of success and which amounts sought in indemnity are allocable to claims, issues or matters which were not successfully resolved. For purposes of this Section and without limitation, the termination of any such claim, issue or matter by dismissal with or without prejudice shall be deemed to be a successful resolution as to such claim, issue or matter.

7. Payment for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of the fact that Indemnitee is or was a Director or an Officer of the Company, a witness in any Proceeding, the Company agrees to pay to Indemnitee all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

8. Advancement of Expenses. All Expenses incurred by or on behalf of Indemnitee (or reasonably expected by Indemnitee to be incurred by Indemnitee within three months) in connection with any Proceeding shall be paid by the Company in advance of the final disposition of such Proceeding within twenty days after the receipt by the Company of a statement or statements from Indemnitee requesting from time to time such advance or advances, whether or

not a determination to indemnify has been made under Section 10. Indemnitee's entitlement to such advancement of Expenses shall include those incurred in connection with any Proceeding by Indemnitee seeking an adjudication or award in arbitration pursuant to this Agreement. The financial ability of Indemnitee to repay an advance shall not be a prerequisite to the making of such advance. Such statement or statements shall reasonably evidence such Expenses incurred (or reasonably expected to be incurred) by Indemnitee in connection therewith and shall include or be accompanied by a written undertaking by or on behalf of Indemnitee to repay such amount if it shall ultimately be determined that Indemnitee is not entitled to be indemnified therefor pursuant to the terms of this Agreement.

9. Guarantee. In the event that the Company fails or is unable to perform any of its payment obligations under the terms of this Agreement, ECO hereby unconditionally guarantees that it will perform the obligations of the Company and pay Indemnitee for any Losses or Expenses for which Indemnitee is entitled to be indemnified or for Expenses to be advanced hereunder. Such payment will be made promptly upon request and without the necessity of a demand.

10. Procedure for Determination of Entitlement to Indemnification.

(a) When seeking indemnification under this Agreement (which shall not include in any case the right of Indemnitee to receive payments pursuant to Section 7 and Section 8 hereof, which shall not be subject to this Section 10), Indemnitee shall submit a written request for indemnification to the Company. Determination of Indemnitee's entitlement to indemnification shall be made promptly, but in no event later than 30 days after receipt by the Company of Indemnitee's written request for indemnification. The Secretary of the Company shall, promptly upon receipt of Indemnitee's request for indemnification, advise the Board that Indemnitee has made such request for indemnification.

(b) The entitlement of Indemnitee to indemnification under this Agreement shall be determined in the specific case (1) by the Board by a majority vote of the Disinterested Directors, even though less than a quorum, or (2) if there are no Disinterested Directors, or if such Disinterested Directors so direct, by Independent Counsel or (3) by the stockholders.

(c) In the event the determination of entitlement is to be made by Independent Counsel, such Independent Counsel shall be selected by the Indemnitee, subject to the approval of the Board, such approval not to be unreasonably withheld. Upon failure of the Indemnitee to so select such Independent Counsel or upon failure of the Board to so approve, such Independent Counsel shall be selected by the American Arbitration Association of New York, New York or such other person as such Association shall designate to make such selection.

(d) If the determination made pursuant to Section 10(b) is that Indemnitee is not entitled to indemnification to the full extent of Indemnitee's request, Indemnitee shall have the right to seek entitlement to indemnification in accordance with the procedures set forth in Section 11 hereof.

(e) If the person or persons empowered pursuant to Section 10(b) to make a determination with respect to entitlement to indemnification shall have failed to make the requested determination within 30 days after receipt by the Company of such request, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be absolutely entitled to such indemnification, absent (i) misrepresentation by

Indemnitee of a material fact in the request for indemnification or (ii) a final judicial determination that all or any part of such indemnification is expressly prohibited by law.

(f)The termination of any Proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, adversely affect the rights of Indemnitee to indemnification hereunder except as may be specifically provided herein, or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, as the case may be, or create a presumption that (with respect to any criminal action or proceeding) Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

(g)For purposes of any determination of good faith hereunder, Indemnitee shall be deemed to have acted in good faith if in taking such action Indemnitee relied on the records or books of account of the Company or an Affiliate, including financial statements, or on information supplied to Indemnitee by the officers of the Company or an Affiliate in the course of their duties, or on the advice of legal counsel for the Company or an Affiliate or on information or records given or reports made to the Company or an Affiliate by an independent certified public accountant or by an appraiser or other expert selected with reasonable care to the Company or an Affiliate. The Company shall have the burden of establishing the absence of good faith. The provisions of this Section 10(g) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(h)The knowledge and/or actions, or failure to act, of any other director, officer, agent or employee of the Company or an Affiliate shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

11. Remedies in Cases of Determination Not to Indemnify or to Advance Expenses.

(a)In the event that (i) a determination is made that Indemnitee is not entitled to indemnification hereunder, (ii) advances are not made pursuant to Section 8 hereof or (iii) payment has not been timely made following a determination of entitlement to indemnification pursuant to Section 10 hereof, Indemnitee shall be entitled to seek a final adjudication either through an arbitration proceeding or in an appropriate court of the State of Delaware or any other court of competent jurisdiction of Indemnitee's entitlement to such indemnification or advance.

(b)In the event a determination has been made in accordance with the procedures set forth in Section 10 hereof, in whole or in part, that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration referred to in Section 11(a) shall be de novo and Indemnitee shall not be prejudiced by reason of any such prior determination that Indemnitee is not entitled to indemnification, and the Company shall bear the burdens of proof specified in Sections 6 and 10 hereof in such proceeding.

(c)If a determination is made or deemed to have been made pursuant to the terms of Section 10 hereof or this Section 11 that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration in the absence of (i) a misrepresentation of a material fact by Indemnitee or (ii) a final judicial determination that all or any part of such indemnification is expressly prohibited by law.

(d) To the extent deemed appropriate by the court, interest shall be paid by the Company to Indemnitee at a rate equal to the rate paid by the Company or its subsidiaries to the principal senior secured lender thereto for amounts which the Company indemnifies or is obliged to indemnify Indemnitee for the period commencing with the date on which Indemnitee requested indemnification (or reimbursement or advancement of any Expenses) and ending with the date on which such payment is made to Indemnitee by the Company.

12. Expenses Incurred by Indemnitee to Enforce this Agreement. All Expenses incurred by Indemnitee in connection with the preparation and submission of Indemnitee's request for indemnification hereunder shall be borne by the Company. In the event that Indemnitee is a party to or intervenes in any proceeding in which the validity or enforceability of this Agreement is at issue or seeks an adjudication to enforce Indemnitee's rights under, or to recover damages for breach of, this Agreement, Indemnitee, if Indemnitee prevails in whole in such action, shall be entitled to recover from the Company, and shall be indemnified by the Company against, any Expenses incurred by Indemnitee. If it is determined that Indemnitee is entitled to indemnification for part (but not all) of the indemnification so requested, Expenses incurred in seeking enforcement of such partial indemnification shall be reasonably prorated among the claims, issues or matters for which Indemnitee is entitled to indemnification and for claims, issues or matters for which Indemnitee is not so entitled.

13. Non-Exclusivity. The rights of indemnification and to receive advances as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under any law, certificate of incorporation, by-law, other agreement, vote of stockholders or resolution of directors or otherwise, both as to action in Indemnitee's official capacity and as to action in another capacity while holding such directorship or office. To the extent Indemnitee would be prejudiced thereby, no amendment, alteration, rescission or replacement of this Agreement or any provision hereof shall be effective as to Indemnitee with respect to any action taken or omitted by such Indemnitee in Indemnitee's position with the Company or an Affiliate or any other entity which Indemnitee is or was serving at the request of the Company prior to such amendment, alteration, rescission or replacement.

14. Duration of Agreement. This Agreement shall apply to any claim asserted and any Losses and Expenses incurred in connection with any claim asserted on or after the effective date of this Agreement and shall continue until and terminate upon the later of: (a) ten years after Indemnitee has ceased to occupy any of the positions or have any of the relationships described in Section 3, 4 or 5 hereof; or (b) one year after the final termination of all pending or threatened Proceedings of the kind described herein with respect to Indemnitee. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisee, executors, administrators or other legal representatives.

15. Maintenance of D&O Insurance.

(a) The Company hereby covenants and agrees with Indemnitee that, so long as Indemnitee shall continue to serve as a Director or an Officer of the Company and thereafter so long as Indemnitee shall be subject to any possible claim or threatened, pending or completed Proceeding, whether civil, criminal or investigative, by reason of the fact that Indemnitee was a Director or an Officer of the Company or any other entity which Indemnitee was serving at the request of the Company, the Company shall maintain in full force and effect (i) the directors' and

officers' liability insurance issued by the insurer and having the policy amount and deductible as currently in effect with respect to directors and officers of the Company or any of its subsidiaries and (ii) any replacement or substitute policies issued by one or more reputable insurers providing in all respects coverage at least comparable to and in the same amount as that currently provided under such existing policy (collectively, "D&O Insurance").

(b) In all policies of D&O Insurance, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee the same rights and benefits, subject to the same limitations, as are accorded to the Company's directors or officers most favorably insured by such policy.

(c) Notwithstanding anything to the contrary set forth in (a) above, the Company shall have no obligation to maintain D&O Insurance if the Company determines in good faith that such insurance is not reasonably available, the premium cost for such insurance is disproportionate to the amount of coverage provided or the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit.

(d) If the Company ceases to maintain D&O Insurance, the Company shall notify Indemnitee in writing of such cessation within three (3) calendar days of the earlier of (i) the date the Company determines to cease D&O Insurance or (ii) the date D&O Insurance ceases.

16. Severability. Should any part, term or condition hereof be declared illegal or unenforceable or in conflict with any other law, the validity of the remaining portions or provisions hereof shall not be affected thereby, and the illegal or unenforceable portions hereof shall be and hereby are redrafted to conform with applicable law, while leaving the remaining portions hereof intact.

17. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

18. Headings. Section headings are for convenience only and do not control or affect meaning or interpretation of any terms or provisions hereof.

19. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by each of the parties hereto.

20. No Duplicative Payment. The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment (net of Expenses incurred in collecting such payment) under any insurance policy, contract, agreement or otherwise.

21. Notices. All notices, requests, demands and other communications provided for by this Agreement shall be in writing (including telecopier or similar writing) and shall be deemed to have been given at the time when mailed, enclosed in a registered or certified postpaid envelope, in any general or branch office of the United States Postal Service, or sent by Federal Express or other similar overnight courier service, addressed to the address of the parties stated below or to such changed address as such party may have fixed by notice or, if given by telecopier, when such telecopy is transmitted and the appropriate answer back is received.

(a) If to Indemnitee, to the address appearing on the signature page hereof.

(b) If to the Company, to:

Essendant Inc.
One Parkway North Blvd.
Suite 100

Deerfield, Illinois 60015-2559
Attention: General Counsel

22. Governing Law. The parties agree that this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Delaware without regard to its conflicts of law rules.

23. Construction. The parties acknowledge that this Agreement is the result of arm's-length negotiations between sophisticated parties each afforded representation by legal counsel. Each and every provision of this Agreement shall be construed as though both parties participated equally in the drafting of same, and any rule of construction that a document shall be construed against the drafting party shall not be applicable to this Agreement.

24. Entire Agreement. Subject to the provisions of Section 13 hereof, this Agreement constitutes the entire understanding between the parties and supersedes all proposals, commitments, writings, negotiations and understandings, oral and written, and all other communications between the parties relating to the subject matter hereof. This Agreement may not be amended or otherwise modified except in writing duly executed by all of the parties. A waiver by any party of any breach or violation of this Agreement shall not be deemed or construed as a waiver of any subsequent breach or violation thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

ESSENDANT INC.

By:
Name:
Title:

INDEMNITEE

By:
Name:
Address:
City and State:

For the purposes of Section 9 only,

ESSENDANT CO.

By:
Name:
Title:

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Section 4: EX-10.4 (EX-10.4)

Exhibit 10.4

AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT (this "**Agreement**") is entered into effective as of _____ (the "**Effective Date**") by and among ESSENDANT INC., a Delaware corporation (hereinafter, together with its successors, referred to as " **Holding**"), ESSENDANT CO., an Illinois corporation (hereinafter, together with its successors, referred to as the "**Company**"), ESSENDANT MANAGEMENT SERVICES, LLC., an Illinois limited liability company (hereinafter, together with its successors, referred to as "**EMS**") (with Holding, the Company, EMS, and their respective subsidiaries and affiliates including the entity employing the Executive, and any successors thereto, hereinafter referred to as the "**Companies**"), and _____ (hereinafter referred to as the "**Executive**").

WHEREAS, the Companies and Executive are parties to an Executive Employment Agreement dated December 31, 2012 (the "**Prior Agreement**"); and

WHEREAS, the Companies and Executive acknowledge and agree that it is in their mutual best interests to amend and restate the Prior Agreement to clarify certain provisions of the Agreement; and

WHEREAS, Executive is a key member of the management of the Companies and is expected to devote substantial skill and effort to the affairs of the Companies, and the Companies desire to recognize the significant personal contribution that Executive makes and is expected to continue to make to further the best interests of the Companies and their shareholders; and

WHEREAS, it is desirable and in the best interests of the Companies and its shareholders to obtain the benefits of Executive's services and attention to the affairs of the Companies, and to provide inducement for Executive (1) to remain in the service of the Companies in the event of any proposed or anticipated Change of Control and (2) to remain in the service of the Companies in order to facilitate an orderly transition in the event of a Change of Control; and

WHEREAS, it is desirable and in the best interests of the Companies and their shareholders that Executive be in a position to make judgments and advise the Companies with respect to any proposed Change of Control without regard to the possibility that Executive's employment may be terminated without compensation in the event of a Change of Control; and

WHEREAS, Executive will have access to confidential, proprietary and trade secret information of the Companies and their subsidiaries, and it is desirable and in the best interests of the Companies and their shareholders to protect confidential, proprietary and trade secret information of the Companies and their subsidiaries,

to prevent unfair competition by former executives of the Companies following separation of their employment with the Companies and to secure cooperation from former executives with respect to matters related to their employment with the Companies; and

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WHEREAS, it is desirable and in the best interests of the Companies and their shareholders to obtain commitments from Executive with respect to Executive's service with the Companies, and to facilitate a smooth transition upon separation from service for former executives.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, the parties agree as follows:

Section 1. Definitions.

(a) As used in this Agreement, the following terms have the respective meanings set forth below:

“**Accrued Benefits**” means (i) all salary earned or accrued through the date the Executive's employment is terminated, (ii) reimbursement for any and all monies expended by Executive in connection with the Executive's employment for reasonable and necessary out-of-pocket business expenses incurred by the Executive in performance of services for the Companies through the date the Executive's employment is terminated, (iii) all accrued and unpaid annual incentive compensation awards for the year immediately prior to the year in which the Executive's employment is terminated, and (iv) all other payments and benefits payable on or after termination of employment to which the Executive is entitled at the date of termination under the terms of any applicable compensation arrangement or benefit plan or program of the Companies. “Accrued Benefits” shall not include any entitlement to severance pay or severance benefits under any severance policy or plan generally applicable to the Companies' salaried employees.

“**Affiliate**” shall have the meaning given such term in Rule 12b-2 of the Exchange Act.

“**Board**” shall mean, so long as Holding directly or indirectly owns all of the outstanding Voting Securities (as hereinafter defined in the definition of Change of Control) of the Companies, the board of directors of Holding. In all other cases, Board means the board of directors of the Company.

“**Cause**” shall mean (i) conviction of, or plea of nolo contendere to, a felony (excluding motor vehicle violations); (ii) theft or embezzlement, or attempted theft or embezzlement, of money or property or assets of the Companies; (iii) illegal use of drugs; (iv) material breach of this Agreement or any employment-related undertakings provided in a writing signed by the Executive prior to or concurrently with this Agreement; (v) gross negligence or willful misconduct in the performance of Executive's duties; (vi) breach of any fiduciary duty owed to the Companies, including, without limitation, engaging in competitive acts while employed by the Companies; or (vii) the Executive's willful refusal to perform the assigned duties for which the Executive is qualified as directed by the Executive's Supervising Officer (as hereinafter defined) or the Board; provided, that in the case of any event constituting Cause within clauses (iv) through (vii) which is curable by the

Executive, the Executive has been given written notice by the Companies of such event said to constitute Cause, describing such event in reasonable detail, and has not cured such action within thirty (30) days of such written notice as reasonably determined by the Chief Executive Officer. For purposes of this definition of Cause, action or inaction by the Executive shall not be considered “willful” unless done or omitted by the Executive (A) intentionally or not in good faith and (B) without reasonable belief that the Executive’s action or inaction was in the best interests of the Companies, and shall not include failure to act by reason of total or partial incapacity due to physical or mental illness.

“**Change of Control**” shall mean and include any of the following:

(a) Any “Person” (having the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a “group” within the meaning of Section 13(d)(3)) has or acquires “Beneficial Ownership” (within the meaning of Rule 13d-3 under the Exchange Act) of 30% or more of the combined voting power of Holding’s then outstanding voting securities entitled to vote generally in the election of directors (“**Voting Securities**”); provided, however, that the acquisition or holding of Voting Securities by (i) Holding or any of its Subsidiaries, (ii) an employee benefit plan (or a trust forming a part thereof) maintained by Holding or any of its Subsidiaries, or (iii) any Person in which the Executive has a substantial equity interest shall not constitute a Change of Control. Notwithstanding the foregoing, a Change of Control shall not be deemed to occur solely because any Person acquired Beneficial Ownership of more than the permitted amount of Voting Securities as a result of (A) the issuance of Voting Securities by Holding in exchange for assets (including equity interests) or funds with a fair value equal to the fair value of the Voting Securities so issued or (B) the acquisition of Voting Securities by Holding which, by reducing the number of Voting Securities outstanding, increases the proportional number of shares Beneficially Owned by such Person; provided that if a Change of Control would occur (but for the operation of this sentence) as a result of the issuance of Voting Securities or the acquisition of Voting Securities by Holding, and after such issuance or acquisition, such Person becomes the Beneficial Owner of any additional Voting Securities which increases the percentage of the Voting Securities Beneficially Owned by such Person to more than 50% of the Voting Securities of Holding, then a Change of Control shall occur;

(b) At any time during a period of two consecutive years, the individuals who at the beginning of such period constituted the Board (the “**Incumbent Board**”) cease for any reason to constitute more than 50% of the Board; provided, however, that if the election, or nomination for election by Holding’s shareholders, of any new director was approved by a vote of more than 50% of the directors then comprising the Incumbent Board, such new director shall, for purposes of this subsection (b), be considered as though such person were a member of the Incumbent Board; provided, further, however, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of (i) either an actual “Election Consent” (as described in Rule

14a-11 promulgated under the Exchange Act) or other actual solicitation of proxies or consents by or on behalf of a Person other than the Incumbent Board (a “**Proxy Contest**”), or (ii) by reason of an agreement intended to avoid or settle any actual or threatened Election Contest or Proxy Contest;

(c) Consummation of a merger, consolidation or reorganization or approval by Holding’s shareholders of a liquidation or dissolution of Holding or the occurrence of a liquidation or dissolution of Holding (“**Business Combination**”), unless, following such Business Combination:

(i) the Persons with Beneficial Ownership of Holding, immediately before such Business Combination, have Beneficial Ownership of more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the corporation (or in the election of a comparable governing body of any other type of entity) resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns Holding or all or substantially all of Holding’s assets either directly or through one or more subsidiaries) (the “**Surviving Company**”) in substantially the same proportions as their Beneficial Ownership of the Voting Securities immediately before such Business Combination,

(ii) the individuals who were members of the Incumbent Board immediately prior to the execution of the initial agreement providing for such Business Combination constitute more than 50% of the members of the board of directors (or comparable governing body of a noncorporate entity) of the Surviving Company; and

(iii) no Person (other than Holding, any of its Subsidiaries or any employee benefit plan (or any trust forming a part thereof) maintained by Holding, the Surviving Company or any Person who immediately prior to such Business Combination had Beneficial Ownership of 30% or more of the then Voting Securities) has Beneficial Ownership of 30% or more of the then combined voting power of the Surviving Company’s then outstanding voting securities; provided, that notwithstanding this clause (iii), a Change of Control shall not be deemed to occur solely because any Person acquired Beneficial Ownership of more than 30% of Voting Securities as a result of the issuance of Voting Securities by Holding in exchange for assets (including equity interests) or funds with a fair value equal to the fair value of the Voting Securities so issued; provided, however that a Business Combination with a Person in which the Executive has a substantial equity interest shall not constitute a Change of Control with respect to such Person.

(d) The closing of any assignment, sale, conveyance, transfer, lease or other disposition of all or substantially all of the assets of Holding to any Person (other than a Person in which the Executive has a substantial equity interest (in which case there shall not be a Change of Control with respect to such Person) and other than a Subsidiary of Holding or other entity, the Persons with Beneficial Ownership of which are the same Persons with Beneficial Ownership of Holding and such

Beneficial Ownership is in substantially the same proportions), or the occurrence of the same.

Notwithstanding the foregoing, to the extent necessary to comply with the requirements of Section 409A of the Code, the events that would otherwise constitute a Change of Control hereunder shall not constitute a Change of Control unless and until such events also constitute a “change in control event” (as described in Treas. Reg. Section 1.409A-3(i)(5)(i)) with respect to Holding.

“**Code**” shall mean the Internal Revenue Code of 1986, as amended.

“**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended.

“**Good Reason**” shall mean: (i) any material breach by the Companies of this Agreement without Executive’s written consent, or (ii) without Executive’s written consent: (A) a material reduction in the Executive’s Base Salary, or (B) the relocation of the Executive’s principal place of employment more than fifty (50) miles from its location on the Effective Date. For purposes of this Agreement, a Change of Control, alone, does not constitute Good Reason. Furthermore, notwithstanding the above, the occurrence of any of the events described above will not constitute Good Reason unless (x) the Executive gives the Companies written notice within thirty (30) days after the initial occurrence of any of such events that the Executive believes that such event constitutes Good Reason, and (y) the Companies thereafter fail to cure any such event within sixty (60) days after receipt of such notice.

“**Person**” shall mean any natural person, firm, corporation, limited liability company, trust, partnership, limited or limited liability partnership, business association, joint venture or other entity and, for purposes of the definition of Change of Control herein, shall comprise any “person”, within the meaning of Sections 13(d) and 14(d) of the Exchange Act, including a “group” as therein defined.

“**Subsidiary**” shall mean, with respect to any Person, any other Person of which such first Person owns 20% or more of the economic interest in such Person or owns or has the power to vote, directly or indirectly, securities representing 20% or more of the votes ordinarily entitled to be cast for the election of directors or other governing Persons.

(b) The capitalized terms used in Section 5(j) have the respective meanings assigned to them in such Section and the following additional terms have the respective meanings assigned to them in the Sections hereof set forth opposite them:

“Accounting Firm”	Section 5(j)
“Agreement”	Introduction
“Annual Bonus”	Section 4(b)
“Base Salary”	Section 4(a)

“Bonus Plan”		Section 4(b)
“Company”	Introduction	
“Companies”	Introduction	
“Confidential information or proprietary data”		Section 6(a)(2)
“Customer”	Section 6(d)(2)	
“Disability”	Section 5(c)	
“Effective Date”	Introduction	
“Employment Period”	Section 2	
“EMS”	Introduction	
“Executive”	Introduction	
“Holding”	Introduction	
“Prior Agreement”	First Recital	
“Retirement”	Section 5(f)	
“Supervising Officer”	Section 3(a)	
“Supplier”	Section 6(d)(2)	
“Term” and “Termination Date”	Section 2	

Section 2. Term and Employment Period. Subject to Section 19 hereof, the term of this Agreement “**Term**” shall commence on the Effective Date of this Agreement and shall continue until the effective date of termination of the Executive’s employment hereunder pursuant to Section 5 of this Agreement. The period during which the Executive is employed by the Companies pursuant to this Agreement is referred to herein as the “**Employment Period**.” The date on which termination of the Executive’s employment hereunder shall become effective is referred to herein as the “**Termination Date**.” For purposes of Section 5 of this Agreement only, the Termination Date shall mean the date on which a “separation from service” has occurred for purposes of Section 409A of the Code.

Section 3. Duties.

(a) During the Employment Period, the Executive (i) shall serve as _____ of the Companies, (ii) shall report directly to an officer of the Companies (the “**Supervising Officer**”) who shall be selected by the Board or the Chief Executive Officer in its or his or her sole discretion, (iii) shall, subject to and in accordance with the authority and direction of the Board and/or the Supervising Officer have such authority and perform in a diligent and competent manner such duties as may be assigned to the Executive from time to time by the Board and/or the Supervising Officer and (iv) shall devote the Executive’s best efforts and such time, attention, knowledge and skill to the operation of the business and affairs of the Companies as shall be necessary to perform the Executive’s duties. During the Employment Period, the Executive’s place of performance for the Executive’s duties and responsibilities shall be at the Companies’ corporate headquarters office, unless another principal place of performance is agreed in writing among the parties and except for required travel by the Executive on the Companies’ business or as may be reasonably required by the Companies.

(b) Notwithstanding the foregoing, it is understood during the Employment Period, subject to any conflict of interest policies of the Companies, the Executive may (i) serve in any capacity with any civic, charitable, educational or professional organization provided that such service does not materially interfere with the Executive’s duties and

responsibilities hereunder, (ii) make and manage personal investments of the Executive's choice, and (iii) with the prior consent of the Companies' Chief Executive Officer, which shall not be unreasonably withheld, serve on the board of directors of one (1) for-profit business enterprise.

Section 4. Compensation. During the Employment Period, the Executive shall be compensated as follows:

(a) the Executive shall receive from the Companies, at such intervals and in accordance with the Companies' payroll policies as may be in effect from time to time, an annual salary (pro rata for any partial year) equal to \$_____ ("**Base Salary**"). The Base Salary shall be reviewed by the Board from time to time and may, in the Board's sole discretion, be increased when deemed appropriate by the Board; if so increased, it shall not thereafter be reduced (other than an across-the-board reduction applied in the same percentage at the same time to all of the Companies' senior executives at the same grade level);

(b) the Executive shall be eligible to earn an annual incentive compensation award under the Companies' management incentive or bonus plan, or a successor plan thereto, as shall be in effect from time to time (the "**Bonus Plan**"), subject to achievement of performance goals determined in accordance with the terms of the Bonus Plan (such annual incentive compensation award, the "**Annual Bonus**"), with such Annual Bonus to be payable in a cash lump sum at such time as bonuses are ordinarily paid to the Companies' senior executives at the same grade level;

(c) the Executive shall be reimbursed, at such intervals and in accordance with the Companies' policies as may be in effect from time to time, for any and all reasonable and necessary out-of-pocket business expenses incurred by the Executive during the Employment Period for the benefit of the Companies, subject to documentation in accordance with the Companies' policies;

(d) the Executive shall be entitled to participate in all incentive, savings and retirement plans, equity-based compensation plans, practices, policies and programs applicable generally to other senior executives of the Companies at the same grade level and as determined by the Board from time to time;

(e) the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Companies to senior executives of the Companies at the same grade level (including, without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, and accidental death and travel accident insurance plans and programs) to the extent applicable generally to other executives of the Companies at the same grade level;

(f) the Executive shall be entitled to not less than twenty (20) paid vacation days per calendar year (pro rata for any partial year); and

(g) the Executive shall be entitled to participate in the Companies' other executive fringe benefits and perquisites generally applicable to the Companies' senior executives at the same grade level in accordance with the terms and conditions of such arrangements as are in effect from time to time.

Section 5. Termination of Employment.

(a) All Accrued Benefits to which the Executive (or the Executive's estate or beneficiary) is entitled shall be payable within thirty (30) days following the Termination Date, except as otherwise specifically provided herein or under the terms of any applicable policy, plan or program, in which case the payment terms of such policy, plan or program shall be determinative.

(b) Any termination by the Companies, or by the Executive, of the Employment Period shall be communicated by written notice of such termination to the Executive, if such notice is delivered by the Companies, and to the Companies, if such notice is delivered by the Executive, each in compliance with the requirements of Section 13 hereof. Except in the event of termination of the Employment Period by reason of Cause or the Executive's death, the effective date of the termination of Executive's employment shall be no earlier than thirty (30) days following the date on which notice of termination is delivered by one party to the other in compliance with the requirements of Section 13 hereof.

(c) If the Employment Period is terminated, other than on or within two (2) years following the date of a Change of Control, by the Executive for Good Reason such that the Executive's separation from service occurs within two years following the initial existence of the condition giving rise to Good Reason, or by the Companies for any reason other than Cause or the Executive's death or permanent disability, as defined in the Companies' Board-approved disability plan or policy as in effect from time to time (or, to the extent necessary to comply with Section 409A of the Code, as defined in Treas. Reg. Section 1.409A-3(i)(4)) ("**Disability**"), then, as the Executive's exclusive right and remedy in respect of such termination:

(i) the Executive shall be entitled to receive from the Companies the Executive's Accrued Benefits in accordance with Section 5(a);

(ii) the Executive shall be entitled to an amount equal to one and one-half (1½) times the Executive's then existing Base Salary, to be paid in equal installments over the eighteen (18) month period following the Termination Date, but to the extent necessary to comply with Section 409A of the Code, in no event shall such amount paid under this Section 5(c)(ii) prior to the first day of the seventh month following the Termination Date exceed the lesser of (A) two (2) times the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the calendar year in which the Termination Date occurs, or (B) two (2) times the sum of Executive's annualized compensation based upon the annual rate of pay for services to the Companies for the calendar year prior to the calendar year in which the Termination Date occurs (adjusted for any increase during that year that was expected to continue indefinitely if the

Executive had not separated from service), consistent with the parties' intention that the payments under this Section 5(c)(ii) constitute a "separation pay plan due to involuntary separation from service" under Treas. Reg. § 1.409A-1(b)(9)(iii), subject to the requirements of Section 5(e), Section 5(h) and Section 11;

(iii) the Executive shall be entitled to a payment in an amount equal to one and one-half (1½) times his or her target Annual Bonus for the calendar year during which the Termination Date occurs (or, if the target Annual Bonus for such year has not been established as of the Termination Date or has been decreased from the prior year's target Annual Bonus, then the target Annual Bonus for the prior year), to be paid at such time as the Annual Bonus award would otherwise be paid in accordance with the Companies' policies;

(iv) the Executive shall be entitled to a lump-sum payment in an amount equal to the pro-rata actual Annual Bonus award which would otherwise be payable for the calendar year during which the Termination Date occurs, with such pro-rata actual Annual Bonus award determined by multiplying the Annual Bonus award amount by a fraction, the numerator of which is the number of days in the calendar year of the Termination Date elapsed prior to the Termination Date and the denominator of which is three hundred and sixty-five (365); such lump sum payment to be made on the date that the Annual Bonus payments are made to other participants in the Bonus Plan;

(v) so long as a timely election for continuation coverage is made by the Executive, the Executive shall continue to be covered, upon the same terms and conditions described in Section 4(e) hereof, by the medical and/or dental insurance plans, programs and/or arrangements as in effect for similarly situated active employees of the Companies, beginning on the Termination Date and continuing until the earlier of: (A) the eighteen (18) month anniversary following the date of the Termination Date, and (B) the date the Executive receives substantially equivalent coverage under the plans, programs and/or arrangements of a subsequent employer, provided that Executive timely pays the Executive's portion of such coverage and otherwise remains eligible for such coverage under applicable law, and provided further that if the Companies determine that the coverage to be provided under this Section 5(c)(v) would cause a self-insured plan maintained by the Companies to be in violation of the nondiscrimination requirements of Section 105(h) of the Code, then such coverage will be paid for by the Executive by means of the Companies reporting imputed income to Executive on a monthly basis for the fair market value of such coverage plus additional imputed amounts to pay any income tax at source on resulting wages subject to FICA or the income tax withholding provisions of federal or state tax law, including pyramiding wages and taxes (and the Companies shall be responsible for depositing all applicable withholding amounts in a timely manner with the appropriate tax authority);

(vi) the Executive shall receive a lump sum payment in an amount equal to the amount the Companies would otherwise expend for 18 month's coverage for its share of the premiums for life and disability insurance plans or programs as in

effect for Executive immediately prior to the Termination Date, payable to Executive within ninety (90) days following the Termination Date; and

(vii) for the period commencing on the Termination Date and ending not later than the last day of the second calendar year after the Termination Date, the Executive shall be entitled to receive executive level career transition assistance services provided by a career transition assistance firm selected by the Executive and paid for by the Companies in an amount not to exceed \$35,000. The Executive shall not be eligible to receive cash in lieu of executive level career transition assistance services.

(d) If during the Employment Period, a Change of Control occurs and the Employment Period is terminated on or within two (2) years following the date of such Change of Control by the Companies for any reason other than Cause or Executive's death or Disability or by the Executive for Good Reason, and, in the case of Executive's resignation for Good Reason, the Executive's separation from service occurs within two years following the initial existence of the condition giving rise to Good Reason, then:

(i) the Executive shall be entitled to receive from the Companies the Executive's Accrued Benefits in accordance with Section 5(a);

(ii) the Executive shall be entitled to a lump-sum payment in an amount equal to two (2) times the Executive's then existing Base Salary, to be paid within ninety (90) days following the Termination Date, subject to the requirements of Section 5 (e), Section 5(h) and Section 11;

(iii) the Executive shall be entitled to a lump-sum payment in an amount equal to two (2) times the Executive's target incentive compensation award for the calendar year during which the Termination Date occurs, to be paid within ninety (90) days following the Termination Date;

(iv) the Executive shall be entitled to a lump-sum payment to be paid within ninety (90) days following the Termination Date in an amount equal to the pro-rata target incentive compensation award for the calendar year during which the Termination Date occurs. Such pro-rata target incentive compensation award shall be determined by multiplying the target incentive compensation award amount by a fraction, the numerator of which is the number of days in the calendar year of the Termination Date elapsed prior to the Termination Date and the denominator of which is three hundred and sixty-five (365);

(v) so long as a timely election for continuation coverage is made by the Executive, the Executive shall continue to be covered, upon the same terms and conditions described in Section 4(e) hereof, by the medical and/or dental insurance plans, programs and/or arrangements as in effect for similarly situated active employees of the Companies, beginning on the Termination Date and continuing until the earlier of: (A) the eighteen (18) month anniversary following the date of the Termination Date, and (B) the date the Executive receives substantially

equivalent coverage under the plans, programs and/or arrangements of a subsequent employer, provided that Executive timely pays the Executive's portion of such coverage and otherwise remains eligible for such coverage under applicable law, and provided further that if the Companies determine that the coverage to be provided under this Section 5(d)(v) would cause a self-insured plan maintained by the Companies to be in violation of the nondiscrimination requirements of Section 105(h) of the Code, then such coverage will be paid for by the Executive by means of the Companies reporting imputed income to Executive on a monthly basis for the fair market value of such coverage plus additional imputed amounts to pay any income tax at source on resulting wages subject to FICA or the income tax withholding provisions of federal or state tax law, including pyramiding wages and taxes (and the Companies shall be responsible for depositing all applicable withholding amounts in a timely manner with the appropriate tax authority);

(vi) the Executive shall receive a lump sum payment in an amount equal to the amount the Companies would otherwise expend for 24-month's coverage for its share of the premiums for life and disability insurance plans or programs as in effect for Executive immediately prior to the Termination Date, payable to Executive within ninety (90) days following the Termination Date;

(vii) the Executive shall receive a lump sum cash payment, payable to Executive within ninety (90) days following the Termination Date, in an amount equal to the additional benefit value (on a present value, differential basis) that would be payable to Executive under the Companies' defined benefit retirement plan if the Executive had two (2) additional years of credit for purposes of age, benefit service and vesting;

(viii) if the Executive's outstanding equity-based incentive awards have not by then fully vested pursuant to the terms of the Companies' applicable equity-based incentive plan(s) and applicable award agreement(s), then to the extent permitted in those plan(s) and as provided in the applicable award agreement(s), the Executive shall continue to vest in the Executive's unvested equity-based incentive awards following the Termination Date;

(ix) for the period commencing on the Termination Date and ending not later than the last day of the second calendar year after the Termination Date, the Executive shall be entitled to receive executive level career transition assistance services provided by a career transition assistance firm selected by the Executive and paid for by the Companies in an amount not to exceed \$35,000. The Executive shall not be eligible to receive cash in lieu of executive level career transition assistance services; and

(x) the Executive shall be entitled to be reimbursed by the Companies for the Executive's reasonable attorneys' fees, costs and expenses incurred in conjunction with any dispute regarding Section 5(d) if Executive prevails in any material respect in such dispute, provided that (A) the applicable statutes of limitations shall not have expired for any claim arising from the dispute that could be raised in a court of law; (B) Executive shall submit to the Companies verification

of legal expenses for reimbursement within 60 days from the date the expense was incurred; (C) the Companies shall reimburse Executive for eligible expenses promptly thereafter, but in any event not earlier than the first day of the seventh month following the Termination Date and not later than December 31 of the calendar year following the calendar year in which the expense was incurred; (D) the expenses eligible for reimbursement during any given calendar year shall not affect the expenses eligible for reimbursement in any other calendar year; and (E) the right to reimbursement hereunder may not be liquidated or exchanged for cash or any other benefit.

(e) Any amounts payable pursuant to Sections 5(c) and 5(d) above shall be considered severance payments and, except for the Executive's vested benefits under the Companies' employee benefit plans (other than severance plans), shall be in full and complete satisfaction of the obligations of the Companies to the Executive in connection with the termination of the Executive's employment. Any cash payment due under Section 5(c) (iii), (iv) and (vi) or under Section 5(d)(ii), (iii), (iv), (vi), and (vii) is intended to constitute a short-term deferral under Treas. Reg. § 1.409A-1(b)(4) and, accordingly, notwithstanding any longer time period specified in Section 5(c) or (d), such payment shall be made no later than two and one-half (2-1/2) months after the end of the calendar year in which the right to the payment is no longer subject to a substantial risk of forfeiture within the meaning of the regulations under Section 409A of the Code, with payment in all cases being conditioned on satisfaction of the requirements of Section 5(h).

(f) If the Employment Period is terminated as a result of the Executive's death, Disability or Retirement (as defined below), then the Executive shall be entitled to (i) the Executive's Accrued Benefits in accordance with Section 5(a), (ii) any benefits that may be payable to the Executive under any applicable Board-approved disability, life insurance or retirement plan or policy in accordance with the terms of such plan or policy, and (iii) a lump sum payment in an amount equal to:

(A) in the event the Employment Period is terminated as a result of Executive's death or Disability, an amount equal to the pro-rata target Annual Bonus award for the calendar year during which the Termination Date occurs by reason of the Executive's death or Disability. Such lump sum payment shall be determined by multiplying the target Annual Bonus award amount by a fraction, the numerator of which is the number of days in the calendar year of the Termination Date elapsed prior to the Termination Date and the denominator of which is three hundred and sixty-five (365); or

(B) in the event the Employment Period is terminated as a result of Executive's Retirement, an amount equal to the pro-rata actual Annual Bonus award for the calendar year during which the Termination Date occurs by reason of the Executive's Retirement. Such lump sum payment shall be determined by multiplying the actual Annual Bonus award amount by a fraction, the numerator of which is the number of days in the calendar year of the Termination Date elapsed prior to the Termination Date and the denominator of which is three hundred and sixty-five (365).

In the event the Employment Period is terminated as a result of Executive's death, such lump sum payment shall be made within 30 days following the Termination Date; in the event the Employment Period is terminated as a result of Executive's Disability or Retirement, such lump sum payment shall be made on the date that Annual Bonus payments are made to other participants in the Bonus Plan, but in no case later than March 15 of the year following the year in which the Termination Date occurs. As used in this Agreement, "**Retirement**" shall mean the Executive's separation from service (as defined in the regulations promulgated under Section 409A of the Code) occurring after the Executive reaches age sixty (60) and having completed at least five (5) years of service with the Companies.

(g) Notwithstanding anything else contained herein, if the Executive terminates his employment for any reason other than Disability or Retirement and without Good Reason, or the Companies terminate the Executive's employment for Cause, all of the Executive's rights to payment from the Companies (including pursuant to any plan or policy of the Companies) shall terminate immediately, except the right to payment for Accrued Benefits in respect of periods prior to such termination.

(h) Notwithstanding anything to the contrary contained in this Section 5, the Executive shall be required to execute the Companies' then current standard release agreement as a condition to receiving any of the payments and benefits provided for in Sections 5(c) and (d), excluding the Accrued Benefits in accordance with Section 5(a), and no payments and benefits provided for in Sections 5(c) and (d) other than the Accrued Benefits in accordance with Section 5(a) shall be payable to Executive unless all applicable consideration and rescission periods for the release agreement have expired, Executive has not rescinded the release agreement and Executive is in compliance with each of the terms and conditions of such release agreement and this Agreement as of the date of such payments and benefits. It is acknowledged and agreed that the then current standard release agreement shall not diminish or terminate the Executive's rights under this Agreement or the Indemnification Agreement (identified in Section 16 below).

(i) In the event of a termination of the Executive's employment entitling the Executive to benefits under Section 5(c) or 5(d) above, subject to the Executive's affirmative obligations pursuant to Section 6, the Executive shall be under no obligation to seek other employment or otherwise mitigate the obligations of the Companies under this Agreement.

(j) Notwithstanding any provision to the contrary contained in this Agreement, if the cash payments due and the other benefits to which Executive shall become entitled under Section 5, either alone or together with other payments in the nature of compensation to Executive which are contingent on a change in the ownership or effective control of the Companies or in the ownership of a substantial portion of the assets of the Companies or otherwise, would constitute a "parachute payment" (as defined in Section 280G of the Code or any successor provision thereto), such payments or benefits shall be reduced (but not below zero) to the largest aggregate amount as will result in no portion thereof being subject to the excise tax imposed under Section 4999 of the Code (or any successor provision thereto) or being non-deductible to the Companies for Federal Income Tax

purposes pursuant to Section 280G of the Code (or any successor provision thereto), provided, however, that the foregoing reduction will be made only if and to the extent that such reduction would result in an increase in the aggregate payment and benefits to be provided to Executive, determined on an after-tax basis (taking into account the excise tax imposed pursuant to Section 4999 of the Code, or any successor provision thereto, any tax imposed by any comparable provision of state law, and any applicable federal, state and local income taxes). Executive agrees to take such action as Employer reasonably requests to mitigate or challenge the application of such tax, provided that Employer shall supply such counsel and expert advice, including legal counsel and accounting advice, as may reasonably be required, and shall be responsible for the payment of such experts' fees. If requested by Executive or the Companies, the determination of whether any reduction in payments or benefits to be provided under this Section 5 or otherwise is required pursuant to this Section 5(j) will be made by a national accounting firm selected and reimbursed by the Companies from among the ten (10) largest accounting firms in the United States as determined by gross revenues, not then-engaged as the Companies' independent public auditor (the "**Accounting Firm**"), subject to Executive's consent (not to be unreasonably withheld) and the determination of such Accounting Firm will be final and binding on all parties. In making its determination, the Accounting Firm will allocate a reasonable portion of such payments and benefits to the value of any personal services rendered following the Change of Control and the value of any non-competition agreement or similar agreements to the extent that such items reduce the amount of the parachute payment. In the event that any payment or benefit intended to be provided under this Section 5 or otherwise is required to be reduced pursuant to this Section 5(j), the Companies shall make such reduction first by reducing amounts payable under Section 5(d)(i) and thereafter by reducing amounts payable under the following Sections of this Agreement in the following order, as necessary to achieve the reduction: 5(d)(iii), 5(d)(iv), 5(d)(vi), 5(d)(vii), and 5(d)(ii). Amounts payable as reimbursements under Sections 5(d)(v) and 5(d)(x), if any, shall not be subject to reduction. No modification of, or successor provision to, Section 280G or Section 4999 subsequent to the date of this Agreement shall, however, reduce the benefits to which the Executive would be entitled under this Agreement in the absence of this Section 5(j) to a greater extent than they would have been reduced if Section 280G and Section 4999 had not been modified or superseded subsequent to the date of this Agreement, notwithstanding anything to the contrary provided in the first sentence of this Section 5(j).

Section 6. Further Obligations of the Executive.

(a) (1) During the Executive's employment by the Companies, whether before or after the Employment Period, and after the termination of Executive's employment by the Companies, the Executive shall not, directly or indirectly, disclose, disseminate, make available or use any confidential information or proprietary data of the Companies or any of their Subsidiaries, except as reasonably necessary or appropriate for the Executive to perform the Executive's duties for the Companies, or as authorized in writing by the Board or as required by any court or administrative agency (and then only after prompt notice to the Companies to permit the Companies to seek a protective order).

(2) For purposes of this Agreement, "**confidential information or proprietary data**" means information and data prepared, compiled, or acquired by or for

the Executive during or in connection with the Executive's employment by the Companies (including, without limitation, information belonging to or provided in confidence by any Customer, Supplier, trading partner or other Person to which the Executive had access by reason of Executive's employment with the Companies) which is not generally known to the public or which could be harmful to the Companies or their Subsidiaries if disclosed to Persons outside of the Companies. Such confidential information or proprietary data may exist in any form, tangible or intangible, or media (including any information technology-related or electronic media) and includes, but is not limited to, the following information of or relating to the Companies or any of their Subsidiaries, Customers or Suppliers:

- (i) Business, financial and strategic information, such as sales and earnings information and trends, material, overhead and other costs, profit margins, accounting information, banking and financing information, pricing policies, capital expenditure/investment plans and budgets, forecasts, strategies, plans and prospects.
 - (ii) Organizational and operational information, such as personnel and salary data, information concerning the utilization or capabilities of personnel, facilities or equipment, logistics management techniques, methodologies and systems, methods of operation data and facilities plans.
 - (iii) Advertising, marketing and sales information, such as marketing and advertising data, plans, programs, techniques, strategies, results and budgets, pricing and volume strategies, catalog, licensing or other agreements or arrangements, and market research and forecasts and marketing and sales training and development courses, aids, techniques, instruction and materials.
 - (iv) Product and merchandising information, such as information concerning offered or proposed products or services and the sourcing of the same, product or services specifications, data, drawings, designs, performance characteristics, features, capabilities and plans and development and delivery schedules.
 - (v) Information about existing or prospective Customers or Suppliers, such as Customer and Supplier lists and contact information, Customer preference data, purchasing habits, authority levels and business methodologies, sales history, pricing and rebate levels, credit information and contracts.
 - (vi) Technical information, such as information regarding plant and equipment organization, performance and design, information technology and logistics systems and related designs, integration, capabilities, performance and plans, computer hardware and software, research and development objectives, budgets and results, intellectual property applications, and other design and performance data.
- (b) All records, files, documents and materials, in whatever form and media, relating to the Companies' or any of their Subsidiaries' business (including, but not limited

to, those containing or reflecting any confidential information or proprietary data) which the Executive prepares, uses, or comes into contact with, including the originals and all copies thereof and extracts and derivatives therefrom, shall be and remain the sole property of the Companies or their Subsidiaries. Upon termination of the Executive's employment for any reason, whether during or after the Employment Period, the Executive shall immediately return all such records, files, documents, materials and other property of the Companies and their Subsidiaries in the Executive's possession, custody or control, in good condition, to the Companies.

(c) The Companies maintain, and Executive acknowledges and agrees, the Companies have and will entrust Executive with proprietary information, strategies, knowledge, customer relationships and know-how which would be detrimental to the Companies' interest in protecting relationships with Customers and/or Suppliers if Executive were to provide services or otherwise participate in the operation of a competitor of the Companies. Therefore, during (i) the Executive's employment by the Companies, whether during or after the Employment Period, and (ii) the eighteen (18) month period following the end of Executive's employment with the Companies, the Executive shall not in any capacity (whether as an owner, employee, consultant or otherwise) at any time perform, manage, supervise, or be responsible or accountable for anyone else who is performing services -- which are the same as, substantially similar or related to the services the Executive is providing, or during the last two years of the Executive's employment by the Companies has provided, for the Companies or their Subsidiaries -- for, or on behalf of, any other Person who or which is (1) a wholesaler of office products, including traditional office products, computer consumable products, office furniture, janitorial and/or sanitation products, food service paper/non-food products, audio/visual and business machines or such other products whether or not related to the foregoing provided by the Companies or their Subsidiaries during the last twelve (12) months of the Executive's employment with the Companies, whether during or after the Employment Period, (2) a provider of services the same as or substantially similar to those provided by the Companies or their Subsidiaries during the last twelve (12) months of the Executive's employment with the Companies, whether during or after the Employment Period, or (3) engaged in a line of business other than described in (1) or (2) hereinabove which is the same or substantially similar to the lines of business engaged in by the Companies or their Subsidiaries, or to any line of business which to the Executive's knowledge is under active consideration or planning by the Companies and their Subsidiaries, during the last twelve (12) months of the Executive's employment with the Companies, whether during or after the Employment Period.

(d) (1) During (i) the Executive's employment by the Companies, whether during or after the Employment Period, and (ii) the eighteen (18) month period following the end of the Executive's employment with the Companies, the Executive shall not at any time, directly or indirectly, solicit any Customer for or on behalf of any Person other than the Companies or any of their Subsidiaries with respect to the purchase of (A) office products, including traditional office products, computer consumable products, office furniture, janitorial and/or sanitation products, food service paper/non-food products, audio/visual and business machines, or such other products whether or not related to the foregoing provided by the Companies or their Subsidiaries to such Customer during the

last twelve (12) months of the Executive's employment with the Companies, whether during or after the Employment Period, (B) services the same as or substantially similar to those provided by the Companies or their Subsidiaries to such Customer during the last twelve (12) months of the Executive's employment with the Companies, whether during or after the Employment Period or (C) products or services from a line of business other than as described in (A) or (B) herein which are the same or substantially similar to the products and services provided to such Customer from a line of business engaged in by the Companies or their Subsidiaries during the last twelve (12) months of the Executive's employment with the Companies, whether during or after the Employment Period. Without limiting the foregoing, (i) during the Executive's employment by the Companies, whether during or after the Employment Period, and (ii) insofar as the Executive may be employed by, or acting for or on behalf of, a Supplier at any time within the eighteen (18) month period following the end of the Executive's employment with the Companies, the Executive shall not at any time, directly or indirectly, solicit any Customer to switch the purchase of the products or services described hereinabove from the Companies or their Subsidiaries to Supplier.

(2) For purposes of this Agreement, a "**Customer**" is any Person who or which has ordered or purchased by or from the Companies or any of their Subsidiaries (A) office products, including traditional office products, computer consumable products, office furniture, janitorial and/or sanitation products, food service paper/non-food products, audio/visual and business machines or such other products whether or not related to the foregoing, (B) services provided by or from the Companies or any of their Subsidiaries or (C) products or services from a line of business other than as described in (A) or (B) herein which are the same or substantially similar to the products and services from a line of business engaged in by the Companies or their Subsidiaries during the last twelve (12) months of the Executive's employment with the Companies, whether during or after the Employment Period. For purposes of this Agreement, a "**Supplier**" is any Person who or which has furnished to the Companies or their Subsidiaries for resale (A) office products, including traditional office products, computer consumable products, office furniture, janitorial and/or sanitation products, food service paper/non-food products, audio/visual and business machines or such other products whether or not related to the foregoing (B) services provided by or from the Companies or any of their Subsidiaries or (C) products or services from a line of business other than as described in (A) or (B) herein which are the same or substantially similar to the products and services from a line of business engaged in by the Companies or their Subsidiaries during the last twelve (12) months of the Executive's employment with the Companies, whether during or after the Employment Period.

(e) During the Executive's employment by the Companies, whether during or after the Employment Period, and during the twenty-four (24) month period following the end of the Executive's employment with the Companies, the Executive shall not at any time, directly or indirectly, induce or solicit any employee of the Companies or any of their Subsidiaries for the purpose of causing such employee to terminate his or her employment with the Companies or such Subsidiary.

(f) The Executive shall not, directly or indirectly, make or cause to be made (and shall prohibit the officers, directors, employees, agents and representatives of any Person controlled by Executive not to make or cause to be made) any disparaging, derogatory, misleading or false statement, whether orally or in writing, to any Person, including members of the investment community, press, and customers, competitors and advisors to the Companies, about the Companies, their respective parents, Subsidiaries or Affiliates, their respective officers or members of their boards of directors, or the business strategy or plans, policies, practices or operations of the Companies, or of their respective parents, Subsidiaries or Affiliates.

(g) If any court determines that any portion of this Section 6 is invalid or unenforceable, the remainder of this Section 6 shall not thereby be affected and shall be given full effect without regard to the invalid provision. If any court construes any of the provisions of Section 6(c), 6(d), 6(e) or 6(f) above, or any part thereof, to be unreasonable because of the duration or scope of such provision, such court shall have the power to reduce the duration or scope of such provision and to enforce such provision as so reduced.

(h) During the Executive's employment with the Companies, whether during or after the Employment Period, and during the eighteen (18) month period following the end of Executive's employment with the Companies, the Executive agrees that, prior to accepting employment with a Customer or Supplier of the Companies, the Executive will give notice to the Chief Executive Officer of the Companies. The Companies reserve the right to make such Customer or Supplier aware of the Executive's obligations under Section 6 of this Agreement.

(i) During and following Executive's Employment Period, the Executive shall furnish a copy of this Section 6 in its entirety to any prospective employer prior to accepting employment with such prospective employer.

(j) The Executive hereby acknowledges and agrees that damages will not be an adequate remedy for the Executive's breach of any provision of this Section 6, and further agrees that the Companies shall be entitled to obtain appropriate injunctive and/or other equitable relief for any such breach, without the posting of any bond or other security, in addition to all other legal remedies to which the Companies may be entitled.

Section 7. **Successors.** The Companies may assign their rights under this Agreement to any successor to all or substantially all the assets of the Companies, by merger or otherwise, and may assign or encumber this Agreement and its rights hereunder as security for indebtedness of the Companies. Any such assignment by the Companies shall remain subject to the Executive's rights under Section 5 hereof. The rights of the Executive under this Agreement may not be assigned or encumbered by the Executive, voluntarily or involuntarily, during the Executive's lifetime, and any such purported assignment shall be void *ab initio*. Notwithstanding the foregoing, all rights of the Executive under this Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, estates, executors, administrators, heirs and beneficiaries. All amounts payable to the Executive hereunder shall be paid, in the event of the Executive's death, to the Executive's estate, heirs or representatives.

Section 8. Third Parties. Except for the rights granted to the Companies and their Subsidiaries pursuant hereto (including, without limitation, pursuant to Section 6 hereof) and except as expressly set forth or referred to herein, nothing herein expressed or implied is intended or shall be construed to confer upon or give any person other than the parties hereto and their successors and permitted assigns any rights or remedies under or by reason of this Agreement.

Section 9. Enforcement. The provisions of this Agreement shall be regarded as divisible and, if any of said provisions or any part or application thereof is declared invalid or unenforceable by a court of competent jurisdiction, the same shall not affect the other provisions hereof, other parts or applications thereof or the whole of this Agreement, but such provision shall be deemed modified to the extent necessary to render such provision enforceable, and the rights and obligations of the parties shall be construed and enforced accordingly, preserving to the fullest permissible extent the intent and agreements of the parties herein set forth.

Section 10. Amendment. Except as otherwise provided in this Section 10, this Agreement may not be amended or modified at any time except by a written instrument approved by the Board, and executed by the Companies and the Executive; provided, however, that any attempted amendment or modification without such approval and execution shall be null and void *ab initio* and of no effect. Notwithstanding the foregoing, effective upon 30 days' notice to Executive and without further consideration from the Companies, this Agreement may be amended by the Companies in their sole discretion to the limited extent they deem necessary and appropriate to conform the terms of this Agreement to the requirements of any applicable laws, rules and regulations enacted or promulgated after the Effective Date of this Agreement. Any such amendments shall preserve the value of any payments or benefits payable to Executive under this Agreement to the extent practicable without defeating the purpose of the amendment, as determined in the sole discretion of the Companies.

Section 11. Payment; Taxes and Withholding. The Companies shall be responsible as employer for payment of all cash compensation and severance payments provided herein, and the Company shall cause the Companies to make such payments. The Executive shall not be entitled to receive any additional compensation from the Companies for any services the Executive provides to the Companies. The Companies shall be entitled to withhold from any amounts to be paid to the Executive hereunder any federal, state, local, or foreign withholding or other taxes or charges which it is from time to time required to withhold. The Companies shall be entitled to rely on an opinion of counsel if any question as to the amount or requirement of any such withholding shall arise. Executive shall be solely responsible for the payment of all taxes due and owing with respect to wages, benefits, and other compensation provided to the Executive hereunder. This Agreement is intended to satisfy, or be exempt from, the requirements of Section 409A(a)(2), (3) and (4) of the Code, including current and future guidance and regulations interpreting such provisions, and should be interpreted accordingly. Notwithstanding anything in this Agreement to the contrary, if any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Section 409A of the Code would otherwise be payable under this Agreement by reason of Executive's "separation from service" (as defined under Treas. Reg. Section 1.409A-1(h)) during a period in which Executive is a "specified employee" (as defined in Code Section 409A(2)(B)(i)), then: (i) the amount of such non-exempt deferred compensation that would otherwise be payable during the six-month period immediately following Executive's separation from service will be accumulated through and paid (without interest) or

provided on the first day of the seventh month following Executive's separation from service or, if Executive dies during such period, within 30 days after Executive's death) (in either case, the "**Required Delay Period**"); and (ii) the normal payment or distribution schedule for any remaining payments or distributions will resume at the end of the Required Delay Period. If Executive is entitled to be paid or reimbursed for any taxable expenses under this Agreement, including without limitation under Sections 5(c)(v) and 5(d)(v), and such payments or reimbursements are includible in Executive's federal taxable income, the amount of such expenses reimbursable in any one calendar year shall not affect the amount reimbursable in any other calendar year, and the reimbursement of an eligible expense must be made no later than December 31 of the year after the year in which the expense was incurred. No right of Executive to reimbursement of expenses under this Agreement, including without limitation under Sections 5(c)(v) and 5(d)(v), shall be subject to liquidation or exchange for another benefit. For purposes of Section 409A of the Code, the right to installment payments hereunder shall constitute the right of the Executive to receive a series of separate and distinct payments.

Section 12. Governing Law. This Agreement and the rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Illinois, without regard to principles of conflicts of law of Illinois or any other jurisdiction.

Section 13. Notice. Notices given pursuant to this Agreement shall be in writing and shall be deemed given when received and, if mailed, shall be mailed by United States registered or certified mail, return receipt requested, addressee only, postage prepaid:

If to the Companies:

Essendant Inc.
Essendant Co.
Essendant Management Services, LLC
One Parkway North Blvd.
Suite 100
Deerfield, Illinois 60015-2559
Attention: Chief Executive Officer

If to the Executive:

At the Executive's home address as set forth in the records of the Companies

or to such other address as the party to be notified shall have given to the other in accordance with the notice provisions set forth in this Section 13.

Section 14. No Waiver. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by the other party shall be deemed a waiver of similar or dissimilar provisions or conditions at any time.

Section 15. Headings. The headings contained herein are for reference only and shall not affect the meaning or interpretation of any provision of this Agreement.

Section 16. **Indemnification.** The provisions set forth in the Indemnification Agreement appended hereto as Attachment A are hereby incorporated into this Agreement and made a part hereof. The parties agree that such Indemnification Agreement remains in full force and effect.

Section 17. **Execution in Counterparts.** This Agreement, including the Indemnification Agreement, may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 18. **Arbitration.** Any dispute, controversy or question arising under, out of, or relating to this Agreement (or the breach thereof), or, the Executive's employment with the Companies or termination thereof, shall be referred for arbitration in Chicago, Illinois to a neutral arbitrator selected by the Executive and the Companies (or if the parties are unable to agree on selection of such an arbitrator, one selected by the American Arbitration Association pursuant to its rules referred to below) and this shall be the exclusive and sole means for resolving such dispute. Such arbitration shall be conducted in accordance with the National Rules for Resolution of Employment Disputes of the American Arbitration Association. Except as provided in Section 5(d)(x) above, the arbitrator shall have the discretion to award reasonable attorneys' fees, costs and expenses to the prevailing party. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Nothing in this Section 18 shall be construed so as to deny the Companies the right and power to seek and obtain injunctive relief in a court of equity for any breach or threatened breach by the Executive of any of the Executive's covenants in Section 6 hereof. Moreover, this Section 18 and Section 12 hereof shall not be applicable to any dispute, controversy or question arising under, out of, or relating to the Indemnification Agreement.

Section 19. **Survival.** Notwithstanding the stated Term of this Agreement, the provisions of this Agreement necessary to carry out the intention of the parties as expressed herein, including without limitation those in Sections 5, 6, 7, 16 and 18, shall survive the termination or expiration of this Agreement.

Section 20. **Construction.** The parties acknowledge that this Agreement is the result of arm's-length negotiations between sophisticated parties each afforded representation by legal counsel. Each and every provision of this Agreement shall be construed as though both parties participated equally in the drafting of same, and any rule of construction that a document shall be construed against the drafting party shall not be applicable to this Agreement.

Section 21. **Free to Contract.** The Executive represents and warrants to the Companies that the Executive is able freely to accept employment by the Companies as described in this Agreement and that there are no existing agreements, arrangements or understandings, written or oral, that would prevent the Executive from entering into this Agreement, would prevent or restrict the Executive in any way from rendering services to the Companies as provided herein during the Employment Period or would be breached by the future performance by the Executive of the Executive's duties and responsibilities hereunder.

Section 22. **Entire Agreement.** This Agreement, including the Indemnification Agreement and any other written undertakings by the Executive referred to herein, supersedes all

other agreements, arrangements or understandings (whether written or oral) between the Companies and the Executive with respect to the subject matter of this Agreement, including without limitation the Prior Agreement and the Executive's employment relationship with the Companies and any of their Subsidiaries, and this Agreement contains the sole and entire agreement among the parties hereto with respect to the subject matter hereof.

Section 23. Recovery of Payments. The Companies may recover any cash or equity awarded to Executive under this Agreement or any plan or program of the Companies, or proceeds from the sale of such equity, to the extent required by any rule of the Securities and Exchange Commission or any listing standard of the Nasdaq Stock Market, including any rule or listing standard requiring recovery of incentive compensation in connection with an accounting restatement due to the Companies' material noncompliance with any financial reporting requirement under the securities laws, which recovery shall be subject to the terms of any policy of the Companies implementing such rule or listing standard.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement in one or more counterparts, each of which shall be deemed one and the same instrument, as of the last day and year written below, but effective as of the Effective Date.

EXECUTED ON:

ESSENDANT INC.

_____, 2016

By: /s/Robert B. Aiken, Jr.

Name: Robert B. Aiken, Jr.
Title: President and Chief Executive Officer

EXECUTED ON:

ESSENDANT CO.

_____, 2016

By: /s/Robert B. Aiken, Jr.

Name: Robert B. Aiken, Jr.
Title: President and Chief Executive Officer

EXECUTED ON:

ESSENDANT MANAGEMENT SERVICES, LLC

_____, 2016

By: /s/Robert B. Aiken, Jr.

Name: Robert B. Aiken, Jr.
Title: President and Chief Executive Officer

EXECUTED ON:

EXECUTIVE

_____,

2016

Name: _____

ATTACHMENT A

INDEMNIFICATION AGREEMENT

This INDEMNIFICATION AGREEMENT is made and entered into as of the ____ day of _____, 20__ (the "Agreement"), by and between Essendant Inc., a Delaware corporation (the "Company"), the director or executive officer of the Company whose name appears on the signature page of this Agreement ("Indemnitee"), and for purposes of Section 9 only, Essendant Co., an Illinois corporation and wholly-owned subsidiary of the Company ("ECO").

WHEREAS, highly competent persons are becoming more reluctant to serve publicly-held corporations as directors or executive officers or in other capacities unless they are provided with reasonable protection through insurance or indemnification against risks of claims and actions against them arising out of their service to and activities on behalf of the corporations.

WHEREAS, the Board of Directors of the Company (the "Board") has determined that the Company should act to assure its directors and executive officers that there will be increased certainty of such protection in the future.

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified.

WHEREAS, Indemnitee is willing to serve, to continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified.

WHEREAS, in consideration of the benefits received and to be received by the Company in connection with actions taken and to be taken by the Board and by the officers of the Company, the Company has determined that it is in the best interest of the Company for the reasons set forth above to be a party to this Agreement and to provide indemnification to the directors and executive officers of the Company in connection with their service to and activities on behalf of the Company and its subsidiaries.

WHEREAS, the Company acknowledges that for purposes of this Agreement the directors and executive officers of the Company who enter into this Agreement are serving in such capacities at the request of the Company.

WHEREAS, the Company further acknowledges that such directors and executive officers are willing to serve, to continue to serve and to take on additional service for or on behalf of the Company, thereby benefiting the Company and its subsidiaries, on the condition that the Company enter into, and provide indemnification pursuant to, this Agreement.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

1. Definitions.

(a) For purposes of this Agreement:

(i) "Affiliate" shall mean any corporation, partnership, joint venture, trust or other enterprise in respect of which Indemnitee is or was or will be serving directly or indirectly at the request of the Company.

(ii) "Disinterested Director" shall mean a director of the Company who is not or was not a party to the Proceeding in respect of which indemnification is being sought by Indemnitee.

(iii) "Expenses" shall include all reasonable attorneys' fees and costs, retainers, court costs, transcripts, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses incurred in connection with asserting or defending claims.

(iv) "Independent Counsel" shall mean a law firm or lawyer that neither is presently nor in the past calendar year has been retained to represent: (i) the Company or Indemnitee in any matter material to any such party or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder in any matter material to such other party. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any law firm or person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing any of the Company or Indemnitee in an action to determine Indemnitee's right to indemnification under this Agreement. All Expenses of the Independent Counsel incurred in connection with acting pursuant to this Agreement shall be borne by the Company.

(v) "Losses" shall mean all liabilities, losses and claims (including judgments, fines, penalties and amounts to be paid in settlement) incurred in connection with any Proceeding.

(vi) "Proceeding" shall include any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, administrative hearing or any other proceeding, whether civil, criminal, administrative or investigative.

2. Service by Indemnitee. Indemnitee agrees to begin or continue to serve the Company or any Affiliate as a director or an executive officer. Notwithstanding anything contained herein, this Agreement shall not create a contract of employment between the Company and Indemnitee, and the termination of Indemnitee's relationship with the Company or an Affiliate by either party hereto shall not be restricted by this Agreement.

3. Indemnification. The Company agrees to indemnify Indemnitee for, and hold Indemnitee harmless from and against, any Losses or Expenses at any time incurred by or assessed against Indemnitee arising out of or in connection with the service of Indemnitee as a director or an executive officer of the Company or in any capacity for an Affiliate at the request of the Company (collectively referred to as a "Director or an Officer of the Company") to the fullest extent permitted by the laws of the State of Delaware in effect on the date hereof or as such laws may from time to time hereafter be amended to increase the scope of such permitted indemnification. Without diminishing the scope of the indemnification provided by this Section 3, the rights of indemnification of Indemnitee provided hereunder shall include but shall not be limited to those rights set forth hereinafter.

4. Action or Proceeding Other Than an Action by or in the Right of the Company. Indemnitee shall be entitled to the indemnification rights provided herein if Indemnitee is a person who was or is made a party or is threatened to be made a party to or is involved (including, without limitation, as a witness) in any Proceeding, other than an action by or in the right of the Company, as the case may be, by reason of (a) the fact that Indemnitee is or was a Director or an Officer of the Company or (b) anything done or not done by Indemnitee in any such capacity.

5. Actions by or in the Right of the Company. Indemnitee shall be entitled to the indemnification rights provided herein if Indemnitee is a person who was or is a party or is threatened to be made a party to or is involved (including, without limitation, as a witness) in any Proceeding brought by or in the right of the Company to procure a judgment in its favor by reason of (a) the fact that Indemnitee is or was a Director or an Officer of the Company or (b) anything done or not done by Indemnitee in any such capacity. Pursuant to this Section, Indemnitee shall be indemnified against Losses or Expenses incurred or suffered by Indemnitee or on Indemnitee's behalf in connection with the defense or settlement of any Proceeding if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. Notwithstanding the foregoing provisions of this Section, no such indemnification shall be made in respect of any claim, issue or matter as to which Delaware law expressly prohibits such indemnification by reason of an adjudication of liability of Indemnitee to the Company unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such Losses and Expenses which the Court of Chancery or such other court shall deem proper.

6. Indemnification for Losses and Expenses of Party Who is Wholly or Partly Successful. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been wholly successful on the merits or otherwise in any Proceeding referred to in Section 3, 4 or 5 hereof on any claim, issue or matter therein, Indemnitee shall be indemnified against all Losses and Expenses incurred by Indemnitee or on Indemnitee's behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company agrees to indemnify Indemnitee to the maximum extent permitted by law against all Losses and Expenses incurred by Indemnitee in connection with each successfully resolved claim, issue or matter. In any review or Proceeding to determine the extent of indemnification, the Company shall bear the burden of proving any lack of success and which amounts sought in indemnity are allocable to claims, issues or matters which were not successfully resolved. For purposes of this Section and without limitation, the termination of any such claim, issue or matter by dismissal with or without prejudice shall be deemed to be a successful resolution as to such claim, issue or matter.

7. Payment for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of the fact that Indemnitee is or was a Director or an Officer of the Company, a witness in any Proceeding, the Company agrees to pay to Indemnitee all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

8. Advancement of Expenses. All Expenses incurred by or on behalf of Indemnitee (or reasonably expected by Indemnitee to be incurred by Indemnitee within three months) in connection with any Proceeding shall be paid by the Company in advance of the final disposition of such Proceeding within twenty days after the receipt by the Company of a statement or statements from Indemnitee requesting from time to time such advance or advances, whether or not a determination to indemnify has been made under Section 10. Indemnitee's entitlement to such advancement of Expenses shall include those incurred in connection with any Proceeding by Indemnitee seeking an adjudication or award in arbitration pursuant to this Agreement. The financial ability of Indemnitee to repay an advance shall not be a prerequisite to the making of such advance. Such statement or statements shall reasonably evidence such Expenses incurred (or reasonably expected to be incurred) by Indemnitee in connection therewith and shall include or be accompanied by a written undertaking by or on behalf of Indemnitee to repay such amount if it shall ultimately be determined that Indemnitee is not entitled to be indemnified therefor pursuant to the terms of this Agreement.

9. Guarantee. In the event that the Company fails or is unable to perform any of its payment obligations under the terms of this Agreement, ECO hereby unconditionally guarantees that it will perform the obligations of the Company and pay Indemnitee for any Losses or Expenses for which Indemnitee is entitled to be indemnified or for Expenses to be advanced hereunder. Such payment will be made promptly upon request and without the necessity of a demand.

10. Procedure for Determination of Entitlement to Indemnification.

(a) When seeking indemnification under this Agreement (which shall not include in any case the right of Indemnitee to receive payments pursuant to Section 7 and Section 8 hereof, which shall not be subject to this Section 10), Indemnitee shall submit a written request for indemnification to the Company. Determination of Indemnitee's entitlement to indemnification shall be made promptly, but in no event later than 30 days after receipt by the Company of Indemnitee's written request for indemnification. The Secretary of the Company shall, promptly upon receipt of Indemnitee's request for indemnification, advise the Board that Indemnitee has made such request for indemnification.

(b) The entitlement of Indemnitee to indemnification under this Agreement shall be determined in the specific case (1) by the Board by a majority vote of the Disinterested Directors, even though less than a quorum, or (2) if there are no Disinterested Directors, or if such Disinterested Directors so direct, by Independent Counsel or (3) by the stockholders.

(c) In the event the determination of entitlement is to be made by Independent Counsel, such Independent Counsel shall be selected by the Indemnitee, subject to the approval of the Board, such approval not to be unreasonably withheld. Upon failure of the Indemnitee to so select such Independent Counsel or upon failure of the Board to so approve, such Independent Counsel shall be selected by the American Arbitration Association of New York, New York or such other person as such Association shall designate to make such selection.

(d) If the determination made pursuant to Section 10(b) is that Indemnitee is not entitled to indemnification to the full extent of Indemnitee's request, Indemnitee shall have the right to seek entitlement to indemnification in accordance with the procedures set forth in Section 11 hereof.

(e) If the person or persons empowered pursuant to Section 10(b) to make a determination with respect to entitlement to indemnification shall have failed to make the requested determination within 30 days after receipt by the Company of such request, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be absolutely entitled to such indemnification, absent (i) misrepresentation by Indemnitee of a material fact in the request for indemnification or (ii) a final judicial determination that all or any part of such indemnification is expressly prohibited by law.

(f) The termination of any Proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, adversely affect the rights of Indemnitee to indemnification hereunder except as may be specifically provided herein, or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, as the case may be, or create a presumption that (with respect to any criminal action or proceeding) Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

(g) For purposes of any determination of good faith hereunder, Indemnitee shall be deemed to have acted in good faith if in taking such action Indemnitee relied on the records or books of account of the Company or an Affiliate, including financial statements, or on information supplied to Indemnitee by the officers of the Company or an Affiliate in the course of their duties, or on the advice of legal counsel for the Company or an Affiliate or on information or records given or reports made to the Company or an Affiliate by an independent certified public accountant or by an appraiser or other expert selected with reasonable care to the Company or an Affiliate. The Company shall have the burden of establishing the absence of good faith. The provisions of this Section 10(g) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(h) The knowledge and/or actions, or failure to act, of any other director, officer, agent or employee of the Company or an Affiliate shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

11. Remedies in Cases of Determination Not to Indemnify or to Advance Expenses.

(a) In the event that (i) a determination is made that Indemnitee is not entitled to indemnification hereunder, (ii) advances are not made pursuant to Section 8 hereof or (iii) payment has not been timely made following a determination of entitlement to indemnification pursuant to Section 10 hereof, Indemnitee shall be entitled to seek a final adjudication either through an arbitration proceeding or in an appropriate court of the State of Delaware or any other court of competent jurisdiction of Indemnitee's entitlement to such indemnification or advance.

(b) In the event a determination has been made in accordance with the procedures set forth in Section 10 hereof, in whole or in part, that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration referred to in Section 11(a) shall be de novo and Indemnitee shall not be prejudiced by reason of any such prior determination that Indemnitee is not entitled to indemnification, and the Company shall bear the burdens of proof specified in Sections 6 and 10 hereof in such proceeding.

(c) If a determination is made or deemed to have been made pursuant to the terms of Section 10 hereof or this Section 11 that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration in the absence of (i) a misrepresentation of a material fact by Indemnitee or (ii) a final judicial determination that all or any part of such indemnification is expressly prohibited by law.

(d) To the extent deemed appropriate by the court, interest shall be paid by the Company to Indemnitee at a rate equal to the rate paid by the Company or its subsidiaries to the principal senior secured lender thereto for amounts which the Company indemnifies or is obliged to indemnify Indemnitee for the period commencing with the date on which Indemnitee requested indemnification (or reimbursement or advancement of any Expenses) and ending with the date on which such payment is made to Indemnitee by the Company.

12. Expenses Incurred by Indemnitee to Enforce this Agreement. All Expenses incurred by Indemnitee in connection with the preparation and submission of Indemnitee's request for indemnification hereunder shall be borne by the Company. In the event that Indemnitee is a party to or intervenes in any proceeding in which the validity or enforceability of this Agreement is at issue or seeks an adjudication to enforce Indemnitee's rights under, or to recover damages for breach of, this Agreement, Indemnitee, if Indemnitee prevails in whole in such action, shall be entitled to recover from the Company, and shall be indemnified by the Company against, any Expenses incurred by Indemnitee. If it is determined that Indemnitee is entitled to indemnification for part (but not all) of the indemnification so requested, Expenses incurred in seeking enforcement of such partial indemnification shall be reasonably prorated among the claims, issues or matters for which Indemnitee is entitled to indemnification and for claims, issues or matters for which Indemnitee is not so entitled.

13. Non-Exclusivity. The rights of indemnification and to receive advances as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under any law, certificate of incorporation, by-law, other agreement, vote of stockholders or resolution of directors or otherwise, both as to action in Indemnitee's official capacity and as to action in another capacity while holding such directorship or office. To the extent Indemnitee would be prejudiced thereby, no amendment, alteration, rescission or replacement of this Agreement or any provision hereof shall be effective as to Indemnitee with respect to any action taken or omitted by such Indemnitee in Indemnitee's position with the Company or an Affiliate or any other entity which Indemnitee is or was serving at the request of the Company prior to such amendment, alteration, rescission or replacement.

14. Duration of Agreement. This Agreement shall apply to any claim asserted and any Losses and Expenses incurred in connection with any claim asserted on or after the effective date of this Agreement and shall continue until and terminate upon the later of: (a) ten years after Indemnitee has ceased to occupy any of the positions or have any of the relationships described in Section 3, 4 or 5 hereof; or (b) one year after the final termination of all pending or threatened Proceedings of the kind described herein with respect to Indemnitee. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisee, executors, administrators or other legal representatives.

15. Maintenance of D&O Insurance.

(a) The Company hereby covenants and agrees with Indemnitee that, so long as Indemnitee shall continue to serve as a Director or an Officer of the Company and thereafter so long as Indemnitee shall be subject to any possible claim or threatened, pending or completed Proceeding, whether civil, criminal or investigative, by reason of the fact that Indemnitee was a Director or an Officer of the Company or any other entity which Indemnitee was serving at the request of the Company, the Company shall maintain in full force and effect (i) the directors' and officers' liability insurance issued by the insurer and having the policy amount and deductible as currently in effect with respect to directors and officers of the Company or any of its subsidiaries and (ii) any replacement or substitute policies issued by one or more reputable insurers providing in all respects coverage at least comparable to and in the same amount as that currently provided under such existing policy (collectively, "D&O Insurance").

(b) In all policies of D&O Insurance, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee the same rights and benefits, subject to the same limitations, as are accorded to the Company's directors or officers most favorably insured by such policy.

(c) Notwithstanding anything to the contrary set forth in (a) above, the Company shall have no obligation to maintain D&O Insurance if the Company determines in good faith that such insurance is not reasonably available, the premium cost for such insurance is disproportionate to the amount of coverage provided or the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit.

(d) If the Company ceases to maintain D&O Insurance, the Company shall notify Indemnitee in writing of such cessation within three (3) calendar days of the earlier of (i) the date the Company determines to cease D&O Insurance or (ii) the date D&O Insurance ceases.

16. Severability. Should any part, term or condition hereof be declared illegal or unenforceable or in conflict with any other law, the validity of the remaining portions or provisions hereof shall not be affected thereby, and the illegal or unenforceable portions hereof shall be and hereby are redrafted to conform with applicable law, while leaving the remaining portions hereof intact.

17. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

18. Headings. Section headings are for convenience only and do not control or affect meaning or interpretation of any terms or provisions hereof.

19. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by each of the parties hereto.

20. No Duplicative Payment. The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment (net of Expenses incurred in collecting such payment) under any insurance policy, contract, agreement or otherwise.

21. Notices. All notices, requests, demands and other communications provided for by this Agreement shall be in writing (including telecopier or similar writing) and shall be deemed to have been given at the time when mailed, enclosed in a registered or certified postpaid

envelope, in any general or branch office of the United States Postal Service, or sent by Federal Express or other similar overnight courier service, addressed to the address of the parties stated below or to such changed address as such party may have fixed by notice or, if given by telecopier, when such telecopy is transmitted and the appropriate answer back is received.

(a) If to Indemnitee, to the address appearing on the signature page hereof.

(b) If to the Company, to:

Essendant Inc.
One Parkway North Blvd.
Suite 100

Deerfield, Illinois 60015-2559
Attention: General Counsel

22. Governing Law. The parties agree that this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Delaware without regard to its conflicts of law rules.

23. Construction. The parties acknowledge that this Agreement is the result of arm's-length negotiations between sophisticated parties each afforded representation by legal counsel. Each and every provision of this Agreement shall be construed as though both parties participated equally in the drafting of same, and any rule of construction that a document shall be construed against the drafting party shall not be applicable to this Agreement.

24. Entire Agreement. Subject to the provisions of Section 13 hereof, this Agreement constitutes the entire understanding between the parties and supersedes all proposals, commitments, writings, negotiations and understandings, oral and written, and all other communications between the parties relating to the subject matter hereof. This Agreement may not be amended or otherwise modified except in writing duly executed by all of the parties. A waiver by any party of any breach or violation of this Agreement shall not be deemed or construed as a waiver of any subsequent breach or violation thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

ESSENDANT INC.

By:
Name:
Title:

INDEMNITEE

By:
Name:
Address:
City and State:
For the purposes of Section 9 only,

ESSENDANT CO.

By:
Name:
Title:

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Section 5: EX-10.5 (EX-10.5)

Exhibit 10.5

ESSENDANT INC.
2015 LONG-TERM INCENTIVE PLAN
2016 Restricted Stock Award Agreement with EPS Minimum

This Restricted Stock Award Agreement (this "Agreement"), dated as of **September 1, 2016** (the "Award Date"), is by and between **[[FIRSTNAME]] [[LASTNAME]]** (the "Participant"), and Essendant Inc., a Delaware corporation (the "Company"). Any term capitalized but not defined in this Agreement will have the meaning set forth in the Company's 2015 Long-Term Incentive Plan (the "Plan"). In the exercise of its discretion to deliver stock of the Company, the Committee has determined that the Participant should receive a restricted stock award, on the following terms and conditions:

- 1. Grant.** The Company hereby grants to the Participant a Restricted Stock Award (the "Award") of **[[SHARESGRANTED]]** shares of Stock (the "Restricted Shares"). The Award will be subject to the terms and conditions of the Plan and this Agreement. The Award constitutes the right, subject to the terms and conditions of the Plan and this Agreement, to distribution of the Restricted Shares.
- 2. Stock Certificates.** The Company will deliver certificates for, or cause its transfer agent to maintain a book entry account reflecting the issuance of, the Restricted Shares in the Participant's name. The Secretary of the Company, or the Company's transfer agent, will hold the certificates for the Restricted Shares, or cause such Restricted Shares to be maintained as restricted shares in a book entry account, until the Restricted Shares either vest or are forfeited. Any certificates that are delivered for Restricted Shares will bear a legend, and any book entry accounts that are maintained therefor will have an appropriate notation, in accordance with Section 6 hereof. The Participant's right to receive the Award hereunder is contingent upon the Participant's execution and delivery to the Secretary of the Company of all stock powers or other instruments of assignment (including a power of attorney), each endorsed in blank with a guarantee of signature if deemed necessary or appropriate by the Company, which would permit transfer to the Company of all or a portion of the Restricted Shares in the event such Restricted Shares are forfeited in whole or in part. The Company, or its transfer agent, will distribute to the Participant (or, if applicable, the Participant's designated beneficiary or other appropriate recipient in accordance with Section 5 hereof) certificates evidencing ownership of vested Restricted Shares as and when provided in Sections 4 and 5 hereof.
- 3. Rights as Stockholder.** On and after the Award Date, and except to the extent provided in this Section 3 and in Section 9 below, the Participant will be entitled to all of the rights of a stockholder with respect to the Restricted Shares, including the right to vote the Restricted Shares, the right to receive dividends and other distributions payable with respect to the Restricted Shares, and the right to participate in any capital adjustment applicable to all holders of Stock. The Participant will not, however, have the right to receive any regular cash dividend with respect to Restricted Shares that are not yet vested as of the applicable dividend record date, and hereby waives his or her right to receive such dividends with respect to unvested Restricted Shares. Any dividend or distribution other than a regular cash dividend that is payable or distributable with respect to Restricted Shares that are not yet vested as of the applicable payment date will be deposited with the Company and will be subject to the same restrictions, vesting conditions and other terms of this Agreement to which the underlying Restricted Shares are subject. If the Participant forfeits any rights he or she may have under this Award in accordance with Section 4 hereof, the Participant shall, on the day following the event of forfeiture, no longer have any rights as a stockholder with respect to any and all Restricted Shares not then vested and so forfeited, or any interest therein, and the Participant shall no longer be entitled to receive dividends on or vote any such Restricted Shares as of any record date occurring thereafter.

4. Vesting: Effect of Date of Termination. The Participant's Restricted Shares will vest in three annual increments of one-third of the Restricted Shares on each of September 1, 2017, September 1, 2018, and September 1, 2019 (the "Scheduled Vesting Dates"), provided that the Participant's Date of Termination has not occurred before a Scheduled Vesting Date, and provided further that the Company's cumulative Earnings Per Share (as defined in paragraph 4(g)) for the four calendar quarters immediately preceding an applicable Scheduled Vesting Date exceeds \$0.50 per share. If the Participant's Date of Termination occurs for any reason before all of the Participant's Restricted Shares have become vested under this Agreement, the Participant's Restricted Shares that have not theretofore become vested will be forfeited on and after the Participant's Date of Termination, subject to the following:

- (a) If, prior to a Change of Control, the Participant's Date of Termination occurs by reason of the Participant's death or Permanent and Total Disability (as defined in paragraph 4(e)), a portion of the Restricted Shares that have not otherwise vested under this Agreement will become vested as of the Participant's Date of Termination. That portion of the then unvested Restricted Shares shall be determined by multiplying (i) the number of Restricted Shares eligible to vest on the next Scheduled Vesting Date following the Date of Termination by (ii) a fraction, the numerator of which shall be the number of whole months elapsed from the Scheduled Vesting Date immediately prior to the Date of Termination (or the Award Date if there was no Scheduled Vesting Date prior to the Date of Termination) to the Date of Termination, and the denominator of which shall be twelve.
- (b) If the Participant's Date of Termination occurs by reason of the Participant's Retirement (as defined in paragraph 4(f)), then the unvested Restricted Shares at that time will continue to vest on the remaining Scheduled Vesting Dates to the extent that the Restricted Shares have been earned based on the Company's achievement of the Earnings Per Share goal specified in Section 4 for the four calendar quarters immediately preceding any such Scheduled Vesting Date, but only if the following conditions have been satisfied: (i) the Participant has provided the Company with written notice of his or her intent to retire at least 3 months prior to the Participant's Date of Termination (but such advance notice shall not be required if Retirement occurs as a result of Participant's involuntary termination of employment without Cause, Participant's death or Permanent and Total Disability, or Participant's termination of employment for Good Reason); and (ii) the Participant executes a release of claims and an agreement not to compete in such forms as the Company may reasonably prescribe, and such release and agreement have become fully effective within 60 days following the Participant's Date of Termination. If these conditions described in the preceding sentence are not satisfied, any unvested Restricted Shares shall be forfeited.
- (c) If a Change of Control occurs either (i) after the Award Date and prior to the Participant's Date of Termination, or (ii) after the Participant's Retirement but prior to full vesting hereunder, and if following the Change of Control the surviving company assumes and continues in full force and effect the Company's rights and obligations under this Agreement or substitutes for this Agreement a substantially similar award for the surviving company's stock, then (A) 50% of the Restricted Shares that have not otherwise vested under this Agreement will become fully vested as of the date of such event; and (B) the portion of the Restricted Shares that does not vest in accordance with the preceding clause (A) shall be subject to the vesting provisions of this Agreement without regard to the acceleration of vesting under clause (A). If following the applicable Change of Control the surviving company does not assume and continue in full force and effect the Company's rights and obligations under this Agreement or substitute for this Agreement a substantially similar award for the surviving company's stock, then 100% of the Restricted Shares that have not otherwise vested under this Agreement will become fully vested as of the date of such event. For the avoidance of doubt, the provisions of

this paragraph 4(c) will apply after the Participant's Retirement only if the conditions set forth in paragraph 4(b) have been satisfied in connection with such Retirement.

- (d) If a Change of Control occurs after the Award Date and prior to the Participant's Date of Termination, and if following the Change of Control the surviving company assumes and continues in full force and effect the Company's rights and obligations under this Agreement or substitutes for this Agreement a substantially similar award for the surviving company's stock, and if, during the two-year period following the date of such Change of Control the Participant's Date of Termination occurs by reason of termination of the Participant's employment by the Company or its Subsidiaries without Cause or by the Participant for Good Reason, then the Restricted Shares that have not otherwise vested under this Agreement will be fully vested as of the Participant's Date of Termination.
- (e) For purposes of this Agreement, the term "Permanent and Total Disability" means the Participant's inability, due to illness, accident, injury, physical or mental incapacity or other disability, effectively to carry out his or her duties and obligations as an employee of the Company or its Subsidiaries or to participate effectively and actively as an employee of the Company or its Subsidiaries for 90 consecutive days or shorter periods aggregating at least 180 days (whether or not consecutive) during any twelve-month period.
- (f) For purposes of this Agreement, "Retirement" means the Participant's termination of employment (as described in the definition of "Date of Termination" in the Plan) occurring after the Participant has reached age 60 and, as of such Date of Termination, has completed at least five years of continuous Service with the Company and its Subsidiaries
- (g) "Earnings Per Share" will be as reported in the Company's quarterly earnings releases in the table titled Reconciliation of Non-GAAP Financial Measures, Adjusted Operating Income, Net Income and Diluted Earnings Per Share, and re-calculated based on accounting standards promulgated by the Financial Accounting Standards Board or similar accounting standards body in place as of December 31, 2015, and adjusted to eliminate the effects of any and all of the following (net of any tax effects) to the extent not already included in the aforementioned table: (i) write-offs of previously capitalized financing costs; (ii) subsidiary charitable contributions to the Essendant Charitable Foundation; (iii) projected impacts on financial results of any acquisition or disposition (including liquidation of at least 90% of the assets) of any business during the applicable measurement period as reflected in the final financial valuation of the transaction presented to the Board prior to the Board's approval of the transaction; (iv) impairment of goodwill and other intangible assets (as defined by ASC 350); (v) curtailment, settlement or termination of any of the Company's pension plans (as defined in ASC 715); (vi) litigation or claim judgments and settlements; and (vii) restructuring costs (as defined by ASC 420).

Except as otherwise specifically provided, the Company will not have any further obligations to the Participant under this Agreement if the Participant's Restricted Shares are forfeited as provided herein.

5. Terms and Conditions of Distribution. The Company, or its transfer agent, will distribute to the Participant certificates for any portion of the Restricted Shares which becomes vested in accordance with this Agreement within 30 days after the vesting thereof (except that, to the extent the Participant is eligible for Retirement, such distribution will occur no later than the first March 15 occurring after the applicable Scheduled Vesting Date). If the Participant dies before the Company has distributed certificates for any vested portion of the Restricted Shares, the

Company will distribute certificates for that vested portion of the Restricted Shares and, to the extent provided under Section 4 hereof, the remaining balance of the Restricted Shares which become vested upon the Participant's death to the beneficiary designated by the Participant, or if no such beneficiary has been designated, to the Participant's estate.

Notwithstanding the foregoing, the Committee may require the Participant, or the alternate recipient identified in the preceding paragraph, to satisfy any potential federal, state, local or other tax withholding liability. Such liability must be satisfied at the time such Restricted Shares become "substantially vested" (as defined in the regulations issued under Section 83 of the Code). At the election of the Participant, and subject to such rules and limitations as may be established by the Committee from time to time, such withholding obligations may be satisfied: (a) through a cash payment by the Participant, (b) through the surrender of shares of Stock that the Participant already owns (provided, however, to the extent shares described in this clause (b) are used to satisfy more than the minimum statutory withholding obligation, as described below, then payments made with shares of Stock in accordance with this clause (b) shall be limited to shares held by the Participant for not less than six months prior to the payment date), (c) through the surrender of shares of Stock to which the Participant is otherwise entitled in respect of the Award under this Agreement; provided, however, that such shares under this clause (c) may be used to satisfy not more than the minimum statutory withholding obligation of the Company or applicable Subsidiary (based on minimum statutory withholding rates for federal, state and local tax purposes, including payroll taxes, that are applicable to such supplemental taxable income), or (d) any combination of (a), (b) and (c); provided, however, that the Committee shall have sole discretion to disapprove of an election pursuant to any of clauses (b)-(d) and that the Committee may require that the method of satisfying such an obligation be in compliance with Section 16 of the Exchange Act (if the Participant is subject thereto) and any other applicable laws and the respective rules and regulations thereunder. Any fraction of a share of Stock which would be required to satisfy such an obligation will be disregarded and the remaining amount due will be paid in cash by the Participant.

The Company will not be required to make any distribution of any portion of the Restricted Shares under this Section 5 (i) before the first date that such portion of the Restricted Shares may be distributed to the Participant without penalty or forfeiture under federal or state laws or regulations governing short swing trading of securities, or (ii) at any other time when the Company or the Committee reasonably determines that such distribution or any subsequent sale of the Restricted Shares would not be in compliance with other applicable securities or other laws or regulations. In determining whether a distribution would result in any such penalty, forfeiture or noncompliance, the Company and the Committee may rely upon information reasonably available to them or upon representations of the Participant or the Participant's legal or personal representative.

6. Legend on Stock Certificates. If one or more certificates for all or any portion of the Restricted Shares are delivered in the Participant's name under this Agreement before such Restricted Shares become vested, the certificates shall bear the following legend, or any alternate legend that counsel to the Company believes is necessary or desirable, to facilitate compliance with applicable securities or other laws:

"The securities represented by this Certificate are subject to certain restrictions on transfer specified in the Restricted Stock Award Agreement dated as of the Award Date between the issuer (the "Company") and the holder named on this Certificate, and the Company reserves the right to refuse the transfer of such securities, whether voluntary, involuntary or by operation of law, until such conditions have been fulfilled with respect to such transfer. A copy of such conditions shall be furnished by the Company to the holder hereof upon written request and without charge."

If any such Restricted Shares are not represented by certificate(s) prior to their vesting, but are instead maintained by the Company's transfer agent in uncertificated form in a book entry account, the account shall bear an appropriate notation to the effect that the Restricted Shares included therein are subject to the restrictions of this Agreement. Whether maintained in certificated or uncertificated book entry form, the Company may instruct its transfer agent to impose stop transfer instructions with respect to any such unvested Restricted Shares.

The foregoing legend or notation and stop transfer instructions will be removed from the certificates evidencing or account maintained for all or any portion of the Restricted Shares after the conditions set forth in Sections 4 and 5 hereof have been satisfied as to such Restricted Shares.

7. Delivery of Certificates. Despite the provisions of Sections 4 and 5 hereof, the Company is not required to deliver any certificates for Restricted Shares if at any time the Company determines that the listing, registration or qualification of such Restricted Shares upon any securities exchange or under any law, the consent or approval of any governmental body or the taking of any other action is necessary or desirable as a condition of, or in connection with, the delivery of the Restricted Shares hereunder in compliance with all applicable laws and regulations, unless such listing, registration, qualification, consent, approval or other action has been effected or obtained, free of any conditions not acceptable to the Company.
8. Restrictive Covenants and Trade Secrets: Recovery of Payments. Notwithstanding any contrary provision of this Agreement, the Company may recover the Award granted or paid under this Agreement to the extent required by the terms of any clawback or compensation recovery policy adopted by the Company. Furthermore, and in consideration of the grant of the Award under the terms of this Agreement and in recognition of the fact that Participant has received and will receive Confidential Information (as defined in paragraph 8(e)(iv)) and trade secrets (as defined under applicable law) during Participant's Service (as defined in paragraph 8(e)(v)), Participant agrees to be bound by the restrictive covenants set forth in paragraphs 8(a), 8(b), 8(c), and 8(d), below (the "Restrictive Covenants"). In addition, but subject to the last sentence of this paragraph, Participant agrees that if Participant violates any provision of such Restrictive Covenants or applicable trade secret law with respect to trade secrets of the Company, then (i) all unvested Restricted Shares shall immediately be forfeited back to the Company, and (ii) any Restricted Shares that have vested at any time during the three-year period immediately preceding the date on which such violation occurred shall immediately be forfeited back to the Company (collectively, the "Forfeited Shares"). Subject to the last sentence of this paragraph, Participant hereby agrees that upon demand from the Company at any time after discovery of the violation of a Restrictive Covenant or applicable trade secret law with respect to trade secrets of the Company or imposition of a claw back, (A) Participant shall pay to the Company an amount equal to the proceeds Participant has received from any sales or distributions of Forfeited Shares, and (B) if Participant still holds all or any part of the Forfeited Shares at the time the Company makes such demand, Participant shall either (1) deliver to the Company all such unsold Forfeited Shares or (2) pay to the Company the aggregate fair market value of such Forfeited Shares as of the date of the Participant's receipt of the Company's demand. Subject to the last sentence of this paragraph and any applicable limitations of Code Section 409A, by accepting this Agreement, Participant consents to a deduction from any amounts the Company owes Participant from time to time (including amounts owed to Participant as wages or other compensation, fringe benefits, or vacation pay, as well as any other amounts owed to Participant by the Company), to the extent of the amounts Participant owes the Company under this Section 8. Whether or not the Company elects to make any set-off in whole or in part, if the Company does not recover by means of set-off the full amount Participant owes pursuant to this Section 8, Participant hereby agrees to pay immediately the unpaid balance to the Company. Notwithstanding the foregoing, if and to the extent that a violation of a Restrictive Covenant or applicable trade secret law with respect to trade secrets of the Company is curable at the time of discovery by the Company, Participant will not be deemed to have violated such Restrictive Covenant or trade secrets law unless and until

the Company gives Participant written notice of such violation and Participant fails to cure such violation within 30 calendar days after receipt of such written notice.

- (a) Confidential Information and Trade Secrets. Participant acknowledges that during the course of his or her Service, he or she has received and will receive Confidential Information and trade secrets. Participant further acknowledges that he or she has received a copy of the Company's Confidentiality and Nondisclosure Policy. Participant acknowledges and agrees that it is his or her responsibility to protect the integrity and confidential nature of the Confidential Information and trade secrets, both during and after his or her Service, and Participant shall not directly or indirectly use, disclose, disseminate, or otherwise make available any such Confidential Information or trade secrets, either during or after the term of his or her Service, except as necessary for the performance of his or her duties to the Company or as expressly permitted in writing by the Company. The foregoing restriction shall apply at all times during Participant's Service with the Company and for a period of five years following termination thereof for any reason, unless such Confidential Information qualifies as a trade secret or is a third-party's confidential information in which case the foregoing restriction shall continue for so long as the Company trade secrets remain secret and the Company remains obligated to protect the third-party confidential information.
- (b) Competitive Activities. During Participant's Service and for two years after the termination of Participant's Service for any reason whatsoever (including Retirement), Participant shall not engage in any Competitive Activity (as defined in paragraph 8(e)(iii)). Participant's obligations under this paragraph 8(b) shall apply in any geographic territory in which the Company conducts its business during the term of the Participant's Service. To the extent Participant worked in a sales capacity for the Company, Participant's obligations under this Section 8(b) shall apply in any geographic territory in which Participant sold products and/or services on behalf of the Company during the last two years of Participant's employment with the Company. In the event that any portion of this paragraph 8(b) shall be determined by any court of competent jurisdiction to be unenforceable because it is unreasonably restrictive in any respect, it shall be interpreted to extend over the maximum period of time for which it reasonably may be enforced and to the maximum extent for which it reasonably may be enforced in all other respects, and enforced as so interpreted, all as determined by such court in such action. Participant acknowledges the uncertainty of the law in this respect and expressly stipulates that this Agreement is to be given the construction that renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law.
- (c) Non-Solicitation. During Participant's Service and for two years after the termination of Participant's Service for any reason whatsoever, Participant shall not:
 - (i) solicit, induce or attempt to solicit or induce any employee, consultant, or independent contractor of the Company (each, a "Service Provider") to leave or otherwise terminate such Service Provider's relationship with the Company, or in any way interfere adversely with the relationship between any such Service Provider and the Company;
 - (ii) solicit, induce or attempt to solicit or induce any Service Provider to work for, render services to, provide advice to, or supply Confidential Information or trade secrets of the Company to any third person, firm, or entity;
 - (iii) employ, or otherwise pay for services rendered by, any Service Provider in any business enterprise with which Participant may be associated, connected or affiliated;

- (iv) call upon, induce or attempt to induce any current or potential customer, vendor, supplier, licensee, licensor or other business relation of the Company for the purpose of soliciting or selling products or services in direct competition with the Company or to induce any such person to cease or refrain from doing business with the Company, or in any way interfere with the then-existing or potential business relationship between any such current or potential customer, vendor, supplier, licensee, licensor or other business relation and the Company; provided, however, that to the extent that Participant worked in a sales capacity for the Company, Participant's obligations under this Section 8 (c)(iv) shall apply to any current or potential customer, vendor, supplier, licensee, licensor or other business relation of the Company with whom Participant had business-related contact during the last two years of his or her employment with the Company or about whom Participant obtained Confidential Information or trade secrets of the Company.
 - (v) call upon any entity that is a prospective acquisition candidate that Participant knows or has reason to know was called upon by the Company or for which the Company made an acquisition analysis for the purpose of acquiring or potentially acquiring such entity; or
 - (vi) assist, solicit, or encourage any other person, directly or indirectly, in carrying out any activity set forth above that would be prohibited by any of the provisions of this Agreement if such activity were carried out by Participant. In particular, Participant will not, directly or indirectly, induce any Service Provider of the Company to carry out any such activity.
- (d) Other Restricted Activities. During Participant's Service and for two years after the termination of Participant's Service for any reason whatsoever, Participant shall not engage in any other activity that is inimical, contrary or harmful to the interests of the Company including, but not limited to, (i) conduct related to Participant's Service for which either criminal or civil penalties against Participant may be sought, (ii) violation of Company policies, including, without limitation, the Company's insider trading policy, or (iii) participating in a hostile takeover attempt.
- (e) Definitions. For purposes of this Section 8, the following terms shall have the following definitions:
- (i) The term "Company" shall include any Subsidiary of the Company that may exist at a given time for which Participant rendered services or about which Participant obtained Confidential Information or trade secrets.
 - (ii) The term "Competing Business" shall mean any business activities that are directly or indirectly competitive with the business conducted by the Company or its Subsidiaries at or prior to the date of the termination of Participant's Service, as described in the Company's periodic reports filed pursuant to the Exchange Act (e.g., the Company's Annual Report on Form 10-K) or other comparable publicly disseminated information.
 - (iii) The term "Competitive Activity" shall mean directly or indirectly investing in, owning, operating, financing, controlling, or providing services to a Competing Business if the nature of such services are the same as or similar in position scope and geographic scope to any position held by Participant during the last two years of his or her employment with the Company, such that Participant's engaging in such services on behalf of a Competing Business does or may pose competitive harm to the Company, provided that passive investments of less than

a 2% ownership interest in any entity that is a Competing Business will not be considered to be a "Competitive Activity."

- (iv) The term "Confidential Information" has the meaning set forth in the Company's Confidentiality and Nondisclosure Policy. Confidential Information includes not only information contained in written or digitized Company documents but also all such information that Participant may commit to memory during the course of his or her Service. "Confidential Information" does not include information that is available in reasonably similar form to the general public through no fault of Participant or any other entity owing a duty of confidentiality to the Company, or that was received by Participant outside of the Company, without an obligation of confidentiality.
- (v) Participant will be deemed to be in "Service" to the Company so long as he or she renders continuous services on a periodic basis to the Company in the capacity of an employee, director, consultant, independent contractor, or other advisor (but, in the case of Participant's continued Service as a consultant, independent contractor, or other advisor, only as determined by the Committee or the Board, in its sole and absolute discretion, following Participant's initial Service as an employee or director).

(f) Equitable Relief: Enforceability. By accepting this Agreement and the Restricted Shares granted hereby, Participant agrees that the Restrictive Covenants set forth in this Section 8 are reasonable and necessary to protect the legitimate interests of the Company. In the event of a violation of any of the restrictions contained in this Section 8, the Company shall be entitled to seek enforcement of the provisions of this Section 8 through proceedings at law or in equity in any court of competent jurisdiction, including temporary, preliminary and permanent injunctive relief. In the event of a violation of any provision of subsection (b), (c), or (d) of this Section 8, the period for which those provisions would remain in effect shall be extended for a period of time equal to that period beginning when such violation commenced and ending when the activities constituting such violation have been finally terminated. Participant is aware that there may be defenses to the enforceability of the Restrictive Covenants set forth in this Section 8, based on time, activity or territory considerations, and Participant knowingly, consciously, intentionally, entirely voluntarily, and irrevocably waives any and all such defenses and agrees that he or she will not assert the same in any action or other proceeding brought by the Company for the purpose of enforcing the Restrictive Covenants.

(g) Notice of Immunity from Liability for Confidential Disclosure of a Trade Secret to the Government or in a Court Filing. Notwithstanding anything herein to the contrary, under the Federal *Defend Trade Secrets Act of 2016*, an individual may not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding in the individual files any document containing the trade secret under seal and does not disclose the trade secret except pursuant to court order. Nothing herein is intended, or should be construed, to affect the immunities created by the *Defend Trade Secrets Act of 2016*.

9. No Right to Employment. Nothing herein confers upon the Participant any right to continue in the employ of the Company or any Subsidiary.

10. Nontransferability. Except as otherwise provided by the Committee or as provided in Section 5, and except with respect to vested shares, the Participant's interests and rights in and under this Agreement are not assignable or transferable other than as designated by the Participant by will or by the laws of descent and distribution. Distribution of Restricted Shares will be made only to the Participant; or, if the Committee has been provided with evidence acceptable to it that the Participant is legally incompetent, the Participant's personal representative; or, if the Participant is deceased, to the designated beneficiary or other appropriate recipient in accordance with Section 5 hereof. The Committee may require personal receipts or endorsements of a Participant's personal representative, designated beneficiary or alternate recipient provided for herein, and the Committee shall extend to those individuals the rights otherwise exercisable by the Participant with regard to any withholding tax election in accordance with Section 5 hereof. Any effort to otherwise assign or transfer any Restricted Shares (before they are distributed) or any rights or interests therein or thereto under this Agreement will be wholly ineffective, and will be grounds for termination by the Committee of all rights and interests of the Participant and his or her beneficiary in and under this Agreement.
11. Administration and Interpretation. The Committee has the authority to control and manage the operation and administration of the Plan and to make all interpretations and determinations necessary or appropriate for the administration of the Plan and this Agreement, including the enforcement of any recovery of payments pursuant to Section 8 or otherwise. Any interpretations of the Plan or this Agreement by the Committee and any decisions made by it under the Plan or this Agreement are final and binding on the Participant and all other persons. Any inconsistency between this Agreement and the Plan shall be resolved in favor of the Plan.
12. Governing Law, Jurisdiction and Venue. This Agreement and the rights and obligations hereunder shall be governed by and construed in accordance with the laws of the state of Delaware, without regard to principles of conflicts of law of Delaware or any other jurisdiction. The exclusive venue for any enforcement action or other litigation arising out of or relating to this Agreement shall be the state or federal courts located in Cook County, Illinois. The parties irrevocably consent to any such court's exercise of jurisdiction over them for such purpose and waive any argument concerning lack of personal jurisdiction and/or inconvenient forum.
13. Integration. Notwithstanding anything in this Agreement to the contrary, the terms of this Agreement shall be subject to all of the terms and conditions of the Plan (as the same may be amended in accordance with its terms), a copy of which may be obtained by the Participant from the office of the Secretary of the Company. In addition, this Agreement and the Participant's rights hereunder shall be subject to all interpretations, determinations, guidelines, rules and regulations adopted or made by the Committee from time to time pursuant to the Plan. Except with respect to Participant's obligations under any confidentiality and nondisclosure agreement with the Company (which obligations will be deemed in addition to and cumulative of Participant's obligations under this Agreement such that the Company is afforded the maximum protection available under applicable law), this Agreement is the entire agreement between the parties to it with respect to the subject matter hereof, and supersedes any and all prior oral and written discussions, commitments, undertakings, representations or agreements (including, without limitation, any terms of any employment offers, discussions or agreements between the parties).
14. Binding Effect. This Agreement will be binding upon and will inure to the benefit of the Company and the Participant and, as and to the extent provided herein and under the Plan, their respective heirs, executors, administrators, legal representatives, successors and assigns.
15. Amendment and Waiver. This Agreement may be amended in accordance with the provisions of the Plan, and may otherwise be amended by written agreement between the Company and the Participant without the consent of any other person. No course of conduct or failure or delay in enforcing the provisions of this Agreement will affect the validity, binding effect or enforceability of this Agreement.

[SIGNATURE PAGE FOLLOWS]

2016 Long-Term Incentive Grant-EPS Minimum

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IN WITNESS WHEREOF, the Company has duly executed this Agreement as of the Award Date.

Very truly yours,

ESSENDANT INC.

By: /s/Charles Crovitz
Charles Crovitz
Chairman of the Board

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Section 6: EX-10.6 (EX-10.6)

Exhibit 10.6

ESSENDANT INC.
2015 LONG-TERM INCENTIVE PLAN
Performance Based Restricted Stock Unit Award Agreement

This Restricted Stock Unit Award Agreement (this "Agreement"), dated **March 15, 2016** (the "Award Date"), is by and between **[[FIRSTNAME]] [[LASTNAME]]** (the "Participant"), and Essendant Inc., a Delaware corporation (the "Company"). Any term capitalized but not defined in this Agreement will have the meaning set forth in the Company's 2015 Long-Term Incentive Plan (the "Plan").

In the exercise of its discretion to grant awards under the Plan, the Committee has determined that the Participant should receive an award of restricted stock units ("Units") under the Plan, on the following terms and conditions:

1. **Grant.** The Company hereby grants to the Participant a Restricted Stock Unit Award (the "Award") consisting of **[[SHARESGRANTED]]** Units (the "Target Number of Units"), subject to possible increase to as many as two times the Target Number of Units (the "Maximum Number of Units"), or decrease to as low as zero, depending on the degree to which the Company has satisfied the performance goals specified in Appendix A to this Agreement. Each Unit that vests represents the right to receive one share of the Company's common stock as provided in Section 5 of this Agreement. The Award will be subject to the terms and conditions of the Plan and this Agreement.
2. **No Rights as a Stockholder.** The Units granted pursuant to this Award do not entitle the Participant to any rights of a stockholder of the Company unless and until the Units vest as set forth in Section 3 and the Company has caused the Stock to be delivered as set forth in Section 5. The Participant's rights with respect to the Units shall remain forfeitable at all times until satisfaction of the vesting conditions set forth in Section 3 of this Agreement.
3. **Vesting: Effect of Date of Termination.** For purposes of this Agreement, "Vesting Date" means the earlier of **March 1, 2019**, or such other date upon which a vesting event occurs pursuant to this Section 3.
 - (a) Units will vest on the Vesting Date (i) if the Participant's Date of Termination has not occurred before the Vesting Date, and (ii) only to the extent the Units have been earned as provided in Section 4 during the period (the "Performance Period") from January 1, 2016 to December 31, 2018 (the "Determination Date"). The period from the Award Date through the Vesting Date is referred to as the "Vesting Period." Except as provided in paragraphs 3(b) through 3(f), if the Participant's Date of Termination occurs for any reason during the Vesting Period, the Participant's Units that have not yet vested will be forfeited as of the Participant's Date of Termination.
 - (b) If the Participant's Date of Termination occurs during the Vesting Period, but prior to a Change of Control, by reason of the Participant's death or Permanent and Total Disability (as defined in paragraph 3(f)), a portion of the then unvested Units subject to this Award will become vested as of the Participant's Date of Termination. That portion shall be equal to a number of Units determined by multiplying the Target Number of Units by a fraction, the numerator of which shall be the number of whole months elapsed from the Award Date through the Date of Termination, and the denominator of which shall be 36. Any remaining Units subject to this Award that do not vest as provided in this paragraph shall be forfeited as of the Participant's Date of Termination.
 - (c) If the Participant's Date of Termination occurs during the Vesting Period, but prior to a Change of Control, by reason of the Participant's Retirement (as defined in paragraph 3(h)), then except as provided in paragraph 3(d), the Units will remain outstanding until the Vesting Date, at which point a prorated portion of the unvested Units will vest to the extent that the Units have been earned as provided in Section 4 during the Performance Period, but only if the following conditions have been satisfied: (i) the Participant has provided the Company with written notice of his or her intent

to retire at least 3 months prior to the Participant's Date of Termination (but such advance notice shall not be required if Retirement occurs as a result of the Participant's involuntary Separation from Service without Cause or the Participant's Separation from Service for Good Reason); and (ii) the Participant executes a release of claims and an agreement not to compete in such forms as the Company may prescribe, and such release and agreement have become fully effective, within 60 days following the Participant's Date of Termination. If the conditions described in the preceding sentence are not satisfied, any unvested Units as of the Date of Termination shall be forfeited. The proration described in this paragraph 3(c) shall be accomplished as follows: (i) following the Determination Date, the Committee shall determine the number of Units that the Participant would have earned pursuant to Section 4 if he or she had remained employed through the Vesting Date, then (ii) that number of Units shall be multiplied by a fraction, the numerator of which is the number of full months occurring between the Award Date and the Participant's Date of Termination, and the denominator of which is 36.

- (d) If (i) a Change of Control occurs during the Vesting Period and prior to the Participant's Date of Termination, or (ii) a Change of Control occurs after the Participant's Retirement, but prior to the Determination Date, then in either case the Target Number of Units will become fully vested as of the date of such Change of Control. For the avoidance of doubt, the provisions of this paragraph 3(d) will apply after the Participant's Retirement only if the conditions set forth in paragraph 3(c) have been satisfied in connection with such Retirement.
- (e) If (i) the Participant's Date of Termination occurs during the Vesting Period, but prior to a Change of Control, as a result of the Participant's involuntary Separation from Service without Cause or the Participant's Separation from Service for Good Reason (but excluding the Participant's Retirement if the conditions in paragraph 3(c) are satisfied in connection with such Retirement), (ii) a Change of Control then occurs within six months following the Participant's Date of Termination, and (iii) the Committee determines that there is clear evidence that the Participant's termination of employment was made in contemplation of the Change of Control, then a number of shares of Stock (subject to paragraph 5.2(f) of the Plan) be equal to the Target Number of Units shall be delivered to the Participant on a fully vested basis promptly, but in no event later than two and one-half months after the end of the calendar year in which the Change of Control occurs.
- (f) For purposes of this Agreement, the term "Permanent and Total Disability" means the Participant's inability, due to illness, accident, injury, physical or mental incapacity or other disability, effectively to carry out his duties and obligations as an employee of the Company or its Subsidiaries or to participate effectively and actively as an employee of the Company or its Subsidiaries for 90 consecutive days or shorter periods aggregating at least 180 days (whether or not consecutive) during any twelve-month period. Notwithstanding the foregoing, to the extent necessary to cause the Award to comply with the requirements of Section 409A of the Internal Revenue Code, as amended (the "Code"), "Permanent and Total Disability" shall mean a "disability" as described in Treasury Regulations Section 1.409A-3(i)(4).
- (g) For purposes of this Agreement, a Date of Termination shall be deemed to have occurred only if on such date the Participant has also experienced a "separation from service" as defined in the regulations promulgated under Code Section 409A (a "Separation from Service").
- (h) For purposes of this Agreement, "Retirement" means the Participant's Separation from Service occurring after the Participant has reached age 60 and, as of the applicable Date of Termination, has completed at least five years of continuous service with the Company and its Subsidiaries.
- (i) For purposes of this Agreement, a Change of Control shall be deemed to have occurred only if such event would also be deemed to constitute a "change in control event" (as described in Treasury Regulation Section 1.409A-3(i)(5)(i)) with respect to the Company.

Except as otherwise specifically provided, the Company will not have any further obligations to the Participant under this Agreement if the Participant's Units are forfeited as provided herein.

4. Earned Units. Except as specifically provided in Section 3, the number of Units subject to this Award that the Participant will be deemed to have earned ("Earned Units") and that are eligible for vesting as of the Vesting Date will be determined by the extent to which the Company has satisfied the performance goals for the Performance Period ending on the Determination Date as set forth in Appendix A to this Agreement. The portion of the Units subject to this Award that will be deemed Earned Units as of the Vesting Date during the Vesting Period will be determined according to the formula specified in Appendix A, but in no event will the cumulative number of Units that are deemed Earned Units exceed the Maximum Number of Units. Any Units that are not earned and do not vest as of the Vesting Date will be forfeited. Notwithstanding any contrary provision of this Agreement, the Committee, in its sole discretion, may reduce the number of Earned Units that would otherwise be deemed vested as of the Vesting Date in recognition of such performance or other factors that the Committee deems relevant.
5. Settlement of Units. After any Units vest pursuant to Section 3, the Company will promptly, but in no event later than two and one-half months after the applicable Vesting Date, cause to be delivered to the Participant, or to the Participant's beneficiary or legal representative in the event of Participant's death, one share of Stock in payment and settlement of each Earned Unit. Such issuance shall be evidenced by a stock certificate or appropriate entry on the books of the Company or a duly authorized transfer agent of the Company, shall be subject to the tax withholding provisions of Section 6, and shall be in complete satisfaction of the Units subject to this Award. If the Units that vest include a fractional Unit, the Company will round the number of vested Units down to the nearest whole Unit prior to issuance of the shares as provided herein. To the greatest extent possible, it is intended that this Award and any payments made in connection herewith shall be exempt from, or comply with, Code Section 409A, and this Agreement shall be interpreted and administered in accordance with that intent. Notwithstanding the payment timing provisions otherwise set forth in this Section 5, if any amount shall be payable with respect to this Award as a result of the Participant's Separation from Service at such time as the Participant is a "specified employee" (as those terms are defined in regulations promulgated under Code Section 409A) and such amount is subject to the provisions of Code Section 409A, then no payment shall be made, except as permitted under Code Section 409A, prior to the first day of the seventh calendar month beginning after the Participant's Separation from Service (or the date of Participant's earlier death), or as soon as administratively practicable thereafter.
6. Tax Matters. The Committee may require the Participant, or the alternate recipient identified in Section 5, to satisfy any potential federal, state, local or other tax withholding liability. Such liability must be satisfied at the time such Units are settled in shares of Stock. At the election of the Participant, and subject to such rules and limitations as may be established by the Committee from time to time, such withholding obligations may be satisfied: (i) through a cash payment by the Participant, (ii) through the surrender of shares of Stock that the Participant already owns, (iii) through the surrender of shares of Stock to which the Participant is otherwise entitled in respect of the Award under this Agreement; provided, however, that such shares under this clause (iii) may be used to satisfy not more than the minimum statutory withholding obligation of the Company or applicable Subsidiary (based on minimum statutory withholding rates for federal, state and local tax purposes, including payroll taxes, that are applicable to such supplemental taxable income), or (iv) any combination of clauses (i), (ii) and (iii); provided, however, that the Committee shall have sole discretion to disapprove of an election pursuant to any of clauses (ii)-(iv) and that the Committee may require that the method of satisfying such an obligation be in compliance with Section 16 of the Exchange Act (if the Participant is subject thereto) and any other applicable laws and the respective rules and regulations thereunder. Any fraction of a share of Stock which would be required to satisfy such an obligation will be disregarded and the remaining amount due will be paid in cash by the Participant.

7. Compliance with Laws. Despite the provisions of Section 5 hereof, the Company is not required to deliver any certificates for shares of Stock if at any time the Company determines that the listing, registration or qualification of such shares upon any securities exchange or under any law, the consent or approval of any governmental body or the taking of any other action is necessary or desirable as a condition of, or in connection with, the issuance or delivery of the shares hereunder in compliance with all applicable laws and regulations, unless such listing, registration, qualification, consent, approval or other action has been effected or obtained, free of any conditions not acceptable to the Company.
8. Restrictive Covenants: Recovery of Payments. Notwithstanding any contrary provision of this Agreement, the Company may recover the Award granted or paid under this Agreement to the extent required by the terms of any clawback or compensation recovery policy adopted by the Company. Furthermore, and in consideration of the grant of the Award under the terms of this Agreement and in recognition of the fact that Participant has received and will receive Confidential Information (as defined in paragraph 8(e)(iv)) during Participant's Service (as defined in paragraph 8(e)(v)), Participant agrees to be bound by the restrictive covenants set forth in paragraphs 8(a), 8(b), 8(c), and 8(d), below (the "Restrictive Covenants"). In addition, but subject to the last sentence of this paragraph, Participant agrees that if Participant violates any provision of such Restrictive Covenants, then (i) all unvested Units shall immediately become null and void, and (ii) any shares of Stock delivered upon vesting of any Units at any time during the three-year period immediately preceding the date on which such violation occurred shall immediately become null and void (collectively, the "Forfeited Shares"). Subject to the last sentence of this paragraph, Participant hereby agrees that upon demand from the Company at any time after discovery of the violation of a Restrictive Covenant or other imposition of a claw back, (A) Participant shall pay to the Company an amount equal to the proceeds Participant has received from any sales or distributions of Forfeited Shares, and (B) if Participant still holds all or any part of the Forfeited Shares at the time the Company makes such demand, Participant shall either (1) deliver to the Company all such unsold Forfeited Shares or (2) pay to the Company the aggregate fair market value of such Forfeited Shares as of the date of the Participant's receipt of the Company's demand. Subject to the last sentence of this paragraph and any applicable limitations of Code Section 409A, by accepting this Agreement, Participant consents to a deduction from any amounts the Company owes Participant from time to time (including amounts owed to Participant as wages or other compensation, fringe benefits, or vacation pay, as well as any other amounts owed to Participant by the Company), to the extent of the amounts Participant owes the Company under this Section 8. Whether or not the Company elects to make any set-off in whole or in part, if the Company does not recover by means of set-off the full amount Participant owes pursuant to this Section 8, Participant hereby agrees to pay immediately the unpaid balance to the Company. Notwithstanding the foregoing, if and to the extent that a violation of a Restrictive Covenant is curable at the time of discovery by the Company, Participant will not be deemed to have violated such Restrictive Covenant unless and until the Company gives Participant written notice of such violation and Participant fails to cure such violation within 30 calendar days after receipt of such written notice.
- (a) Confidential Information. Participant acknowledges that during the course of his or her Service, he or she has received and will receive Confidential Information. Participant further acknowledges that he or she has received a copy of the Company's Confidentiality and Nondisclosure Policy. Participant acknowledges and agrees that it is his or her responsibility to protect the integrity and confidential nature of the Confidential Information, both during and after his or her Service, and Participant shall not directly or indirectly use, disclose, disseminate, or otherwise make available any such Confidential Information, either during or after the term of his or her Service, except as necessary for the performance of his or her duties to the Company or as expressly permitted in writing by the Company.
- (b) Competitive Activities. During Participant's Service and for two years after the termination of Participant's Service for any reason whatsoever (including Retirement), Participant shall not engage in any Competitive Activity (as defined in paragraph 8(e)(iii)). Participant's obligations under this paragraph 8(b) shall apply in any geographic territory in which the Company conducts

its business during the term of the Participant's Service. In the event that any portion of this paragraph 8(b) shall be determined by any court of competent jurisdiction to be unenforceable because it is unreasonably restrictive in any respect, it shall be interpreted to extend over the maximum period of time for which it reasonably may be enforced and to the maximum extent for which it reasonably may be enforced in all other respects, and enforced as so interpreted, all as determined by such court in such action. Participant acknowledges the uncertainty of the law in this respect and expressly stipulates that this Agreement is to be given the construction that renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law.

- (c) Non-Solicitation. During Participant's Service and for two years after the termination of Participant's Service for any reason whatsoever, Participant shall not:
- (i) solicit, induce or attempt to solicit or induce any employee, consultant, or independent contractor of the Company (each, a "Service Provider") to leave or otherwise terminate such Service Provider's relationship with the Company, or in any way interfere adversely with the relationship between any such Service Provider and the Company;
 - (ii) solicit, induce or attempt to solicit or induce any Service Provider to work for, render services to, provide advice to, or supply Confidential Information or trade secrets of the Company to any third person, firm, or entity;
 - (iii) employ, or otherwise pay for services rendered by, any Service Provider in any business enterprise with which Participant may be associated, connected or affiliated;
 - (iv) call upon, induce or attempt to induce any current or potential customer, vendor, supplier, licensee, licensor or other business relation of the Company for the purpose of soliciting or selling products or services in direct competition with the Company or to induce any such person to cease or refrain from doing business with the Company, or in any way interfere with the then-existing or potential business relationship between any such current or potential customer, vendor, supplier, licensee, licensor or other business relation and the Company;
 - (v) call upon any entity that is a prospective acquisition candidate that Participant knows or has reason to know was called upon by the Company or for which the Company made an acquisition analysis for the purpose of acquiring such entity; or
 - (vi) assist, solicit, or encourage any other person, directly or indirectly, in carrying out any activity set forth above that would be prohibited by any of the provisions of this Agreement if such activity were carried out by Participant. In particular, Participant will not, directly or indirectly, induce any Service Provider of the Company to carry out any such activity.
- (d) Other Restricted Activities. During Participant's Service and for two years after the later of (i) termination of Participant's Service for any reason whatsoever or (ii) the Vesting Date, Participant shall not engage in any other activity that is inimical, contrary or harmful to the interests of the Company including, but not limited to, (i) conduct related to Participant's Service for which either criminal or civil penalties against Participant may be sought, (ii) violation of Company policies, including, without limitation, the Company's insider trading policy, or (iii) participating in a hostile takeover attempt.
- (e) Definitions. For purposes of this Section 8, the following terms shall have the following definitions:
- (i) The term "Company" shall include any Subsidiary of the Company that may exist at a given time.

- (ii) The term "Competing Business" shall mean any business activities that are directly or indirectly competitive with the business conducted by the Company or its Subsidiaries at or prior to the date of the termination of Participant's Service, all as described in the Company's periodic reports filed pursuant to the Exchange Act (e.g., the Company's Annual Report on Form 10-K) or other comparable publicly disseminated information.
 - (iii) The term "Competitive Activity" shall mean directly or indirectly investing in, owning, operating, financing, controlling, or providing services that are the same as or similar to a Competing Business if the nature of such services are similar in position scope and geographic scope to any position held by Participant during the last two years of his or her employment with the Company, such that Participant's engaging in such services on behalf of a Competing Business does or may pose competitive harm to the Company, provided that passive investments of less than 2% ownership interest in any entity that is a Competing Business will not be considered to be a "Competitive Activity."
 - (iv) The term "Confidential Information" has the meaning set forth in the Company's Confidentiality and Nondisclosure Policy. Confidential Information includes not only information contained in written or digitized Company documents but also all such information that Participant may commit to memory during the course of his or her Service. "Confidential Information" does not include information that is available in reasonably similar form to the general public through no fault of Participant, or that was received by Participant outside of the Company, without an obligation of confidentiality.
 - (v) Participant will be deemed to be in "Service" to the Company so long as he or she renders continuous services on a periodic basis to the Company in the capacity of an employee, director, consultant, independent contractor, or other advisor (but, in the case of Participant's continued Service as a consultant, independent contractor, or other advisor, only as determined by the Committee or the Board, in its sole and absolute discretion, following Participant's initial Service as an employee or director).
- (f) Equitable Relief; Enforceability. By accepting this Agreement and the Units granted hereby, Participant agrees that the Restrictive Covenants set forth in this Section 8 are reasonable and necessary to protect the legitimate interests of the Company. In the event a violation of any of the restrictions contained in this Section 8 is established, the Company shall be entitled to seek enforcement of the provisions of this Section 8 through proceedings at law or in equity in any court of competent jurisdiction, including preliminary and permanent injunctive relief. In the event of a violation of any provision of subsection (b), (c), or (d) of this Section 8, the period for which those provisions would remain in effect shall be extended for a period of time equal to that period beginning when such violation commenced and ending when the activities constituting such violation have been finally terminated in good faith. Participant is aware that there may be defenses to the enforceability of the Restrictive Covenants set forth in this Section 8, based on time or territory considerations, and Participant knowingly, consciously, intentionally, entirely voluntarily, and irrevocably waives any and all such defenses and agrees that he or she will not assert the same in any action or other proceeding brought by the Company for the purpose of enforcing the Restrictive Covenants.
9. No Right to Employment. Nothing herein confers upon the Participant any right to continue in the employ of the Company or any Subsidiary.
10. Nontransferability. Except as otherwise provided by the Committee or as provided in Section 5, and except with respect to shares of Stock delivered in settlement of vested Units, the Participant's interests and rights in and under this Agreement may not be assigned, transferred, exchanged, pledged or otherwise encumbered other than as designated by the Participant by will or by the laws of descent and distribution. Issuance of shares of Stock in settlement of Units will be made only to the Participant; or, if the Committee has been provided with evidence acceptable to it that the Participant is legally incompetent, the Participant's personal representative; or, if the Participant is deceased, to

the designated beneficiary or other appropriate recipient in accordance with Section 5 hereof. The Committee may require personal receipts or endorsements of a Participant's personal representative, designated beneficiary or alternate recipient provided for herein, and the Committee shall extend to those individuals the rights otherwise exercisable by the Participant with regard to any withholding tax election in accordance with Section 6 hereof. Any effort to otherwise assign or transfer any Units or any rights or interests therein or thereto under this Agreement will be wholly ineffective, and will be grounds for termination by the Committee of all rights and interests of the Participant and his or her beneficiary in and under this Agreement.

11. Administration and Interpretation. The Committee has the authority to control and manage the operation and administration of the Plan and to make all interpretations and determinations necessary or appropriate for the administration of the Plan and this Agreement, including the enforcement of any recovery of payments pursuant to Section 8 or otherwise. Any interpretations of the Plan or this Agreement by the Committee and any decisions made by it under the Plan or this Agreement are final and binding on the Participant and all other persons. Any inconsistency between this Agreement and the Plan shall be resolved in favor of the Plan except to the extent such resolution would result in a violation of Code Section 409A.
12. Governing Law. This Agreement and the rights and obligations hereunder shall be governed by and construed in accordance with the laws of the state of Delaware, without regard to principles of conflicts of law of Delaware or any other jurisdiction.
13. Sole Agreement. Notwithstanding anything in this Agreement to the contrary, the terms of this Agreement shall be subject to all of the terms and conditions of the Plan (as the same may be amended in accordance with its terms), a copy of which may be obtained by the Participant from the office of the Secretary of the Company. In addition, this Agreement and the Participant's rights hereunder shall be subject to all interpretations, determinations, guidelines, rules and regulations adopted or made by the Committee from time to time pursuant to the Plan. This Agreement is the entire agreement between the parties to it with respect to the subject matter hereof, and supersedes any and all prior oral and written discussions, commitments, undertakings, representations or agreements (including, without limitation, any terms of any employment offers, discussions or agreements between the parties).
14. Binding Effect. This Agreement will be binding upon and will inure to the benefit of the Company and the Participant and, as and to the extent provided herein and under the Plan, their respective heirs, executors, administrators, legal representatives, successors and assigns.
15. Amendment and Waiver. This Agreement may be amended in accordance with the provisions of the Plan, and may otherwise be amended by written agreement between the Company and the Participant without the consent of any other person. No course of conduct or failure or delay in enforcing the provisions of this Agreement will affect the validity, binding effect or enforceability of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company and the Participant have duly executed this Agreement as of the Award Date.

ESSENDANT INC.

By: /s/Charles Crovitz

Charles Crovitz

Chairman of the Board

PARTICIPANT

[[FIRSTNAME]] [[LASTNAME]]

APPENDIX A

**Performance-Based Restricted Stock Unit Award Agreement
Earned Units and Performance Goals**

Vesting Period: March 15, 2016 through March 1, 2019

The determination of the number of Units that will be earned and vested as of the Vesting Date as provided in Section 3 of the Agreement will be determined as follows:

1. The Company's Cumulative Adjusted Net Income (as defined below), Working Capital Efficiency (as defined below) and TSR Percentile Rank (as defined below) for the Performance Period beginning on January 1, 2016 and ending on the Determination Date will be calculated.
2. Based on that actual Cumulative Net Income, Working Capital Efficiency and TSR Percentile Rank, the Performance Factors for the Performance Period will be determined from the following table by determining where each of the Company's actual Cumulative Adjusted Net Income, Working Capital Efficiency and TSR Percentile Rank falls relative to the performance goals specified in the applicable column of the table below, and then selecting the corresponding Performance Factor. If the Company's actual results for the Performance Period are between two amounts shown in the applicable column of the table, the corresponding Performance Factor will be determined by linear interpolation between the two relevant Performance Factors shown in the table. If actual results for the Performance Period are less than or equal to the Minimum amount specified, the corresponding Performance Factor is zero, and if actual results for the Performance Period are greater than the Maximum amount specified, the corresponding Performance Factor will be equal to the percentage specified for the Maximum amount.

Company's Cumulative Adjusted Net Income, Working Capital Efficiency, and TSR Percentile Rank Performance Goals and Corresponding Performance Factors during the Performance Period

Performance Period ending December 31, 2018

	Cumulative Adjusted Net Income Goal	Perf. Factor	Working Capital Efficiency Goal	Perf. Factor	TSR Percentile Rank	Perf. Factor
Minimum	\$337.5M	0%	17.62%	0%	>75 th	0%
Target	\$374.1M	100%	17.12%	100%	50 th	100%
Maximum	\$389.6M	200%	16.62%	200%	25 th	200%

3. The number of Earned Units during the Performance Period that will vest as of the Vesting Date will be calculated using the following formula:

$$\begin{aligned} & (\text{Performance Factor for Cumulative Adjusted Net Income} \times \text{Target Number of Units} \times 0.60) + \\ & (\text{Performance Factor for Working Capital Efficiency} \times \text{Target Number of Units} \times 0.25) + \\ & (\text{Performance Factor for TSR Percentile Rank} \times \text{Target Number of Units} \times 0.15) \text{ where:} \end{aligned}$$

- "Performance Factor for Cumulative Adjusted Net Income", "Performance Factor for Working Capital Efficiency" and "Performance Factor for TSR Percentile Rank" are the percentages determined as provided in item 2 above; and

- "Target Number of Units" is the number associated with that term in Section 1 of the Agreement.
4. For purposes of this Appendix A, the Company's "Working Capital Efficiency" for the Performance Period shall mean the monthly average of total current assets (excluding cash and cash equivalents) less total current liabilities (excluding short term debt), divided by net sales, and the Company's "Cumulative Adjusted Net Income" for the Performance Period shall mean the sum of the adjusted net income for each of the three years in such period, all as reported in the Company's 2016 through 2018 quarterly earnings releases in the table titled Reconciliation of Non-GAAP Financial Measures, Adjusted Operating Income, Net Income and Diluted Earnings Per Share and re-calculated based on accounting standards promulgated by the Financial Accounting Standards Board or similar accounting standards body in place as of December 31, 2015, and adjusted to eliminate the effects of any and all of the following (net of any tax effects) to the extent not already included in the aforementioned table: (i) write-offs of previously capitalized financing costs; (ii) subsidiary charitable contributions to the Essendant Charitable Foundation; (iii) projected impacts on financial results of any acquisition or disposition (including liquidation of at least 90% of the assets) of any business during the Performance Period as reflected in the final financial valuation of the transaction presented to the Board prior to the Board's approval of the transaction; (iv) impairment of goodwill and other intangible assets (as defined by ASC 350); (v) curtailment, settlement or termination of any of the Company's pension plans (as defined in ASC 715); (vi) litigation or claim judgments and settlements; and (vii) restructuring costs (as defined by ASC 420). The Company's "TSR Percentile Rank" shall mean the percentile ranking of the Company's TSR among the TSRs for the Comparative Group members for the Performance Period. TSR Percentile Rank is determined by ordering the Comparative Group members (plus the Company if the Company is not one of the Comparative Group members) from highest to lowest based on TSR for the Performance Period and counting down from the company with the highest TSR (ranked first) to the Company's position on the list. If two companies are ranked equally, the ranking of the next company shall account for the tie, so that if one company is ranked first, and two companies are tied for second, the next company is ranked fourth. In determining the Company's TSR Percentile Rank for the Performance Period, in the event that the Company's TSR for the Performance Period is equal to the TSR(s) of one or more other Comparative Group members for that same period, the Company's TSR Percentile Rank ranking will be determined by ranking the Company's TSR for that period as being greater than such other Comparative Group members. After this ranking, the TSR Percentile Rank will be calculated using the following formula, rounded to the nearest whole percentile by application of regular rounding:

$$\text{TSR Percentile Rank} = \frac{(N - R)}{N} * 100$$

"N" represents the number of Comparative Group members for the Performance Period (plus the Company if the Company is not one of the Comparative Group).

"R" represents the Company's ranking among the Comparative Group members (plus the Company if the Company is not one of the Comparative Group members).

For purposes of this Appendix A, the following terms shall have the following definitions tied to TSR Percentile Rank:

“Beginning Price” means, with respect to the Company and any other Comparative Group member, the ending stock price on the first day of trading in 2016. For the purpose of determining Beginning Price, the value of dividends and other distributions shall be determined by treating them as reinvested in additional shares of stock at the closing market price on the ex-dividend date.

“Ending Price” means, with respect to the Company and any other Comparative Group member, the ending stock price on the last trading date in 2018. For the purpose of determining Ending Price, the value of dividends and other distributions shall be determined by treating them as reinvested in additional shares of stock at the closing market price on the ex-dividend date.

“Comparative Group” means the Company and each company included on Annex A attached hereto, provided that, except as provided below, the common stock (or similar equity security) of such company is continually listed or traded on a national securities exchange from the first day of the Performance Period through the last trading day of the Performance Period. In the event a member of the Comparative Group files for bankruptcy or liquidates due to an insolvency or is delisted due to failure to meet the national securities exchange’s minimum market capitalization requirement, such company shall continue to be treated as a Comparative Group member, and such company’s Ending Price will be treated as \$0 if the common stock (or similar equity security) of such company is no longer listed or traded on a national securities exchange on the last trading day of the Performance Period (and if multiple members of the Comparative Group file for bankruptcy or liquidate due to an insolvency or are delisted, such members shall be ranked in order of when such bankruptcy or liquidation occurs, with earlier bankruptcies/liquidations/delisting ranking lower than later bankruptcies/liquidations/delisting). In the event of a formation of a new parent company by a Comparative Group member, substantially all of the assets and liabilities of which consist immediately after the transaction of the equity interests in the original Comparative Group member or the assets and liabilities of such Comparative Group member immediately prior to the transaction, such new parent company shall be substituted for the Comparative Group member to the extent (and for such period of time) as its common stock (or similar equity securities) are listed or traded on a national securities exchange but the common stock (or similar equity securities) of the original Comparative Group member are not. In the event of a merger or other business combination of two Comparative Group members (including, without limitation, the acquisition of one Comparative Group member, or all or substantially all of its assets, by another Comparative Group member), the surviving, resulting or successor entity, as the case may be, shall continue to be treated as a member of the Comparative Group, provided that the common stock (or similar equity security) of such entity is listed or traded on a national securities exchange through the last trading day of the Performance Period. With respect to the preceding two sentences, the applicable stock prices shall be equitably and proportionately adjusted to the extent (if any) necessary to preserve the intended incentives of the awards and mitigate the impact of the transaction.

“Total Shareholder Return” or “TSR” shall be determined with respect to the Company and any other Comparative Group member by dividing: (a) the sum of (i) the difference obtained by subtracting the applicable Beginning Price from the applicable Ending Price plus (ii) all dividends and other distributions on the respective shares with an ex-dividend date that falls during the Performance Period by (b) the applicable Beginning Price. Any non-cash distributions shall be valued at fair market value. For the purpose of determining TSR, the value of dividends and other distributions shall be determined by treating them as reinvested in additional shares of stock at the closing market price on the date of distribution.

5. Examples:

- Assume the following facts: (i) the Target Number of Units is 15,000; (ii) the Company's actual Cumulative Adjusted Net Income for the Performance Period was half-way between the Minimum amount and the Target amount, resulting in a Performance Factor for Cumulative Adjusted Net Income of 50%; (iii) the Company's actual Working Capital Efficiency for the Performance Period was half-way between the Minimum percentage and the Target percentage, resulting in a Performance Factor for Working Capital Efficiency of 50%; and (iv) the Company's actual TSR Percentile Rank for the Performance Period was half-way between the Minimum percentile and the Target percentile, resulting in a Performance Factor for TSR Percentile Rank of 50%. Under these facts, the number of Earned Units that would vest as of the Vesting Date would be:

$$(0.50 \times 15,000 \times 0.60) + (0.50 \times 15,000 \times 0.25) + (0.50 \times 15,000 \times 0.15) = 4,500 + 1,875 + 1,125 = 7,500$$

- Assume the following facts: (i) the Target Number of Units is 10,000; (ii) the Company's actual Cumulative Net Income for the Performance Period was half-way between the Target amount and the Maximum amount, resulting in a Performance Factor for Cumulative Adjusted Net Income of 150%; (iii) the Company's actual Working Capital Efficiency for the Performance Period was half-way between the Target percentage and the Maximum percentage, resulting in a Performance Factor for Working Capital Efficiency of 150%; and (iv) the Company's actual TSR Percentile Rank for the Performance Period was half-way between the Target percentile and the Maximum percentile, resulting in a Performance Factor for TSR Percentile Rank of 150%. Under these facts, the number of Earned Units that would vest as of the Vesting Date would be:

$$(1.50 \times 10,000 \times 0.60) + (1.50 \times 10,000 \times 0.25) + (1.50 \times 10,000 \times 0.15) = 9,000 + 3,750 + 2,250 = 15,000$$

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[\(Back To Top\)](#)**Section 7: EX-10.7 (EX-10.7)****Exhibit 10.7**

AMENDMENT NO. 2 TO NOTE PURCHASE AGREEMENT

AMENDMENT NO. 2 TO NOTE PURCHASE AGREEMENT, dated as of August 30, 2016 (this "Amendment"), is entered into by and among Essendant Co., an Illinois corporation (formerly known as United Stationers Supply Co.; the "Company"), Essendant Inc., a Delaware corporation (formerly known as United Stationers Inc.; the "Parent"), and the holders of Notes issued by the Company that are parties hereto.

RECITALS

A. Pursuant to a Note Purchase Agreement dated as of November 25, 2013, among the Company, the Parent and the purchasers listed on Schedule A thereto (as amended, supplemented or otherwise modified prior to the date hereof, the "Note Purchase Agreement"), the Company issued \$150,000,000 of its 3.75% Secured Senior Notes due January 15, 2021 (the "Notes"). Capitalized terms that are used herein without definition and that are defined in the Note Purchase Agreement shall have the same meanings herein as in the Note Purchase Agreement.

B. The parties hereto wish to amend the Note Purchase Agreement in the respects, but only in the respects, hereinafter set forth.

WHEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Amendment to the Note Purchase Agreement. (a) Effective as of the date first above written and subject to the satisfaction of the conditions precedent set forth in Section 2 below, Section 10.1 the Note Purchase Agreement is hereby amended and restated to read in its entirety as follows:

"Section 10.1. Leverage Ratio. The Parent and the Company will not permit the ratio (the "Leverage Ratio"), determined as of the end of each of the Parent's Fiscal Quarters, of (i) Consolidated Funded Indebtedness of the Parent and its Subsidiaries to (ii) Consolidated EBITDA for the then most recently completed four Fiscal Quarters to be greater than 3.50 to 1.00; *provided, however*, that the maximum Leverage Ratio permitted under this Section 10.1 shall be increased, in the case of (x) one or more Qualifying Permitted Acquisitions in which the cash portion of the Purchase Price for all such Qualifying Permitted Acquisitions consummated in the trailing twelve month period is in excess of \$150,000,000, to 4.00 to 1.00, and (y) unless and to the extent that clause (x) above does not apply, one or more Qualifying Permitted Acquisitions in which the cash portion of the Purchase Price for all such Qualifying Permitted Acquisitions consummated in the trailing twelve month period is in excess of \$75,000,000, to 3.75 to 1.00 (any such increase pursuant to clause (x) or clause (y), a "Covenant Holiday"), in each case, for the first four Fiscal Quarters (or, solely with respect to the Covenant Holiday under clause (x) that commenced with the Fiscal Quarter ending September 30, 2015, for the first six Fiscal Quarters) immediately following the Qualifying Permitted Acquisition giving rise to the Covenant Holiday (inclusive of the fiscal quarter in which such Qualifying Permitted Acquisition occurs); *provided, further*, that (A) at the time of any Qualifying Permitted Acquisition giving rise to any proposed Covenant Holiday arising pursuant to clause (x) above, the Leverage Ratio, calculated on a pro forma

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basis based on the Parent's most recent financial statements delivered pursuant to Section 7.1 and giving effect to such Qualifying Permitted Acquisition (including any incurrence of Indebtedness in connection therewith) and any Acquisition (including any incurrence of Indebtedness in connection therewith) and Material Disposition (including any reduction of Indebtedness in connection therewith) since the date of such financial statements as if such Qualifying Permitted Acquisition and any such Acquisition and Material Disposition (and any incurrence or reduction of Indebtedness in connection with any of the foregoing) had occurred as of the first day of the four quarter period set forth in such financial statements, shall not exceed 3.75 to 1.00, (B) the Leverage Ratio shall have been less than 3.50 to 1.00 for at least two consecutive Fiscal Quarters immediately preceding the commencement of such proposed Covenant Holiday, and (C) the Company shall have paid the additional interest as provided in Section 1.3. The Leverage Ratio shall be calculated as of the last day of each Fiscal Quarter of the Parent based upon (a) for Consolidated Funded Indebtedness, Consolidated Funded Indebtedness as of the last day of each such Fiscal Quarter, and (b) for Consolidated EBITDA, the actual amount as of the last day of each Fiscal Quarter for the most recently ended four consecutive Fiscal Quarters."

(b) Effective as of the date first above written and subject to the satisfaction of the conditions precedent set forth in Section 2 below, the definition of "Transition Period" in Schedule B to the Note Purchase Agreement is hereby amended and restated to read in its entirety as follows:

"*Transition Period*" means the period commencing on the date the Parent or any Subsidiary makes a Qualified Permitted Acquisition of any Person or line of business and ending on the last day of the fourth full Fiscal Quarter following the date of the consummation of such Qualified Permitted Acquisition (or, solely with respect to the Qualified Permitted Acquisition that gave rise to the Covenant Holiday that commenced with the Fiscal Quarter ending September 30, 2015 (the "*Trigger Qualified Permitted Acquisition*"), Transition Period means the period commencing on the date the Trigger Qualified Permitted Acquisition occurred and ending on the last day of the sixth full Fiscal Quarter following the date of the consummation of the Trigger Qualified Permitted Acquisition)."

(c) The Company hereby agrees to pay an amendment fee to or on behalf of the holders of the Notes (the "Noteholders' Amendment Fee") as set forth in Exhibit A hereto. The holders hereby waive the requirements of the first sentence of Section 17.2(b) of the Note Purchase Agreement.

2. Conditions of Effectiveness. This Amendment shall become effective and be deemed effective as of the date hereof, if, and only if, each of the following conditions is satisfied:

(a) The warranties and representations of the Company and the Parent contained in Section 3 of this Amendment shall be true and correct as of the date of this Amendment.

(b) Executed counterparts of this Amendment, duly executed by the Company and the holders and acknowledged and agreed to by the Subsidiary Guarantors, shall have been delivered to Chapman and Cutler LLP, as special counsel to the holders.

(c) The holders (or Chapman and Cutler LLP, on behalf of the holders) shall have received (i) a true, complete and correct copy of the amendment to the Credit Agreement relating to the subject matter of this Amendment (the "Credit Agreement Amendment") and (ii) a true, complete and correct copy of the consent of the lenders under the Company's asset backed securities facility (the "ABS Facility") relating to the subject matter of this Amendment (the "ABS Consent"), and each of such Credit Agreement Amendment and ABS Consent shall be in full force and effect prior to the effective date of this Amendment or simultaneously therewith.

(d) The Company shall have paid the Noteholders' Amendment Fee.

(e) The Company shall have paid the reasonable and documented fees and expenses of Chapman and Cutler LLP, special counsel to the holders, in connection with the preparation, execution and delivery of this Amendment, to the extent invoiced prior to the date hereof.

3. Representations and Warranties. Each of the Company and the Parent hereby represents and warrants (which representations shall survive the execution and delivery of this Amendment) to the holders that:

(a) this Amendment and the Note Purchase Agreement as amended hereby, constitute legal, valid and binding obligations of the Company and the Parent and are enforceable against the Company and the Parent in accordance with their terms;

(b) the execution, delivery and performance by the Company and the Parent of this Amendment (i) have been duly authorized by all necessary corporate action on the part of the Company and the Parent; (ii) do not require the consent, approval or authorization of any Governmental Authority, except for the filing of a Form 8-K with the SEC or any state blue sky laws; and (iii) do not and will not (A) contravene, result in any breach of, or constitute a default under, or, except for the Liens under the Collateral Documents, result in the creation of any Lien in respect of any property of the Parent, the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, shareholders agreement or any other agreement or instrument to which the Parent, the Company or any Subsidiary is bound or by which the Parent, the Company or any Subsidiary or any of their respective properties may be bound, (B) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Parent, the Company or any Subsidiary, or (C) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Parent, the Company or any Subsidiary;

(c) no Default or Event of Default has occurred which is continuing as of the date hereof or would exist after giving effect to this Amendment; and

(d) neither the Company nor the Parent has paid any fees or other form of consideration in connection with the solicitation of an amendment or consent in connection with any other agreements pursuant to which Indebtedness of the Company is outstanding

which relate to the subject matter of this Amendment (including, without limitation, the Credit Agreement and the ABS Facility), except for the Noteholders' Amendment Fees, an amendment fee to the lenders under the Credit Agreement as described in the Credit Agreement Amendment and any fees paid to JPMorgan Chase Bank, N.A. in its capacity as Agent under the Credit Agreement and/or arranger with respect to the Credit Agreement Amendment.

4. Reference to and Effect on the Note Purchase Agreement.

(a) Upon the effectiveness of Section 1 hereof, on and after the date hereof, each reference in the Note Purchase Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of like import shall mean and be a reference to the Note Purchase Agreement, as amended hereby.

(b) Except as specifically amended above, the Financing Documents and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect, and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any of the holders of the Notes, nor constitute a waiver of any provision of any Financing Document or any other documents, instruments and agreements executed and/or delivered in connection therewith.

5. Governing Law. This Amendment shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the state of New York excluding choice of law principles of the law of such state that would require the application of the laws of a jurisdiction other than such state.

6. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

7. Counterparts; Electronic Execution. This Amendment may be executed by one or more of the parties to the Amendment on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart hereof by facsimile or email transmission shall be effective as delivery of a manually executed counterpart of this Amendment.

8. Entirety. This Amendment embodies the entire agreement among the parties hereto and supersedes all prior agreements and understandings, oral or written, if any, relating to the subject matter hereof.

[signature pages begin on next page]

SS WHEREOF, the parties have executed this Amendment as of the date first above written.

ESSENDANT CO.

By: /s/Robert J. Kelderhouse
Name: Robert J. Kelderhouse
Title: Vice President and Treasurer

ESSENDANT INC.

By: /s/Robert J. Kelderhouse
Name: Robert J. Kelderhouse
Title: Vice President and Treasurer

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: /s/Jason Boe
Name: Jason Boe
Title: Vice President

PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

By: PGIM, Inc.
(as Investment Manager)

By: /s/Jason Boe
Name: Jason Boe
Title: Vice President

THE PRUDENTIAL LIFE INSURANCE COMPANY, LTD.

By: Prudential Investment Management (Japan), Inc. (as Investment Manager)

By: PGIM, Inc. (as Sub-Adviser)

By: /s/Jason Boe
Name: Jason Boe
Title: Vice President

FARMERS INSURANCE EXCHANGE
MID CENTURY INSURANCE COMPANY
FARMERS NEW WORLD LIFE INSURANCE COMPANY
PHYSICIANS MUTUAL INSURANCE COMPANY

By: Prudential Private Placement Investors, L.P. (as Investment Advisor)

By: Prudential Private Placement Investors, Inc.
(as its General Partner)

By: /s/ Jason Boe
Name: Jason Boe
Title: Vice President

METLIFE INSURANCE COMPANY USA
f/k/a METLIFE INSURANCE COMPANY OF CONNECTICUT

by Metropolitan Life Insurance Company, its Investment Manager

METROPOLITAN LIFE INSURANCE COMPANY

By: /s/John Wills

Name: John Wills

Title: Managing Director

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

By: Babson Capital Management LLC as Investment Adviser

By: /s/Elizabeth A. Perenick
Name: Elizabeth A. Perenick
Title: Managing Director

MASSMUTUAL ASIA LIMITED

By: Babson Capital Management LLC as Investment Adviser

By: /s/Elizabeth A. Perenick
Name: Elizabeth A. Perenick
Title: Managing Director

WOODMEN OF THE WORLD LIFE INSURANCE SOCIETY

By: /s/C. Shawn Bengston
Name: C. Shawn Bengston, PhD, CFA
Title: Vice President Investment

Acknowledged and agreed to by:

SUBSIDIARY GUARANTORS:

ESSENDANT FINANCIAL SERVICES LLC
ESSENDANT MANAGEMENT SERVICES LLC
ESSENDANT INDUSTRIAL, LLC
O.K.I. SUPPLY, LLC
OKI MIDDLE EAST HOLDING CO.
CPO COMMERCE ACQUISITION, LLC
CPO COMMERCE, LLC
LIBERTY BELL EQUIPMENT CORPORATION
TRANSSUPPLY GROUP, LLC
LABEL INDUSTRIES, INC.
XL CHAMPION HOLDINGS, LLC
AJS GROUP, LLC
NESTOR HOLDING COMPANY
NESTOR SALES HOLDCO, LLC
NESTOR SALES, LLC

By: /s/Robert J. Kelderhouse
Name: Robert J. Kelderhouse
Title: Vice President and Treasurer

EXHIBIT A - NOTEHOLDERS' AMENDMENT FEES

AMOUNT	PAYABLE TO	WIRING INSTRUCTIONS
\$5,000	(Prudential as Admin Agent - see wiring instructions)	Currency:USD Instructions:Remit Payment on Effective Date (aka Due Date) Beneficiary Name:U.S. Bank as Paying Agent for Prudential as Admin Agent Beneficiary Address:214 N. Tryon St 26th Floor Charlotte, NC 28201 Primary Bank Name:U.S. Bank as Paying Agent for Prudential as Admin Agent Primary ABA Number:091000022 Account Name:Paying Agent DDA - Essendant Inc. Account Number: FFC:183542-700
\$5,000	Metropolitan Life Insurance Company	Bank Name: JPMorgan Chase Bank ABA Routing #: 021-000-021 Account No.: Account Name: Metropolitan Life Insurance Company Ref: Amendment Fee - United Stationers Supply Co. 3.75% due 1/15/2021
\$5,000	Massachusetts Mutual Life Insurance Company	MassMutual Citibank New York, New York ABA # 021000089 Acct # RE: Essendant Amendment Fee
\$5,000	Woodmen of the World Life Insurance Society	Northern CHGO/Trust ABA # 071000152 Credit Wire Account #5186041000 Account # Account Name: Woodmen of the World Life Insurance Society-General Swift# CNORUS44 RE: United Stationers Supply Co., 3.75% Secured Senior Notes due January 15, 2021, PPN 913008 A@7 -- Amendment Fee

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Section 8: EX-10.8 (EX-10.8)

Exhibit 10.8

AMENDMENT NO. 2 TO THE FOURTH AMENDED AND RESTATED FIVE-YEAR REVOLVING CREDIT AGREEMENT

AMENDMENT NO. 2 TO THE FOURTH AMENDED AND RESTATED FIVE-YEAR REVOLVING CREDIT AGREEMENT, dated as of August 29, 2016 (this "Amendment"), is entered into by and among Essendant Co., an Illinois corporation (formerly known as United Stationers Supply Co.; the "Borrower"), Essendant Inc., a Delaware corporation (formerly known as United Stationers Inc.; the "Parent"), the financial institutions that are parties hereto and JPMorgan Chase Bank, N.A., as agent (in such capacity, the "Agent").

RECITALS

A. The Borrower, the Parent, certain financial institutions and the Agent are parties to that certain Fourth Amended and Restated Five-Year Revolving Credit Agreement, dated as of July 8, 2013 (as amended or otherwise modified prior to the date hereof, the "Credit Agreement"; capitalized terms that are used herein without definition and that are defined in the Credit Agreement shall have the same meanings herein as in the Credit Agreement).

B. Subject to the terms and conditions hereof, the parties hereto wish to amend the Credit Agreement in certain respects.

WHEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Amendment to the Credit Agreement. As of the Effective Date (as defined below) and subject to the satisfaction of the conditions precedent set forth in Section 2 below, the Credit Agreement is hereby amended as follows:

(a) Section 6.20 of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

6.20 Leverage Ratio. USI and the Borrower will not permit the ratio (the "Leverage Ratio"), determined as of the end of each of USI's fiscal quarters, of (i) Consolidated Funded Indebtedness of USI and its Subsidiaries to (ii) Consolidated EBITDA for the then most-recently ended four fiscal quarters to be greater than 3.50 to 1.00; provided that, the maximum Leverage Ratio permitted under this Section 6.20 shall be increased, in the case of (x) one or more Qualifying Permitted Acquisitions in which the cash portion of the Purchase Price for all such Qualifying Permitted Acquisitions consummated in the trailing twelve month period is in excess of \$150,000,000, to 4.00 to 1.00 and (y) unless and to the extent that clause (x) above does not apply, one or more Qualifying Permitted Acquisitions in which the cash portion of the Purchase Price for all such Qualifying Permitted Acquisitions consummated in the trailing twelve month period is in excess of \$75,000,000, to 3.75 to 1.00 (any such increase pursuant to clause (x) or clause (y), a "Covenant Holiday"), in each case, for the first four fiscal quarters (or, solely with respect to the Covenant Holiday under clause (x) that commenced with the fiscal quarter ending September 30, 2015, for the first six fiscal quarters) immediately following the Qualifying Permitted Acquisition giving rise to the Covenant Holiday

(inclusive of the fiscal quarter in which such Qualifying Permitted Acquisition occurs); provided, further, that (A) at the time of any Qualifying Permitted Acquisition giving rise to any proposed Covenant Holiday arising pursuant to clause (x) above, the Leverage Ratio, calculated on a pro forma basis based on USI's most recent financial statements delivered pursuant to Section 6.1 (or, prior to the delivery of the first such financial statements hereunder, as of March 31, 2013) and giving effect to such Qualifying Permitted Acquisition (including any incurrence of Indebtedness in connection therewith) and any Permitted Acquisition (including any incurrence of Indebtedness in connection therewith) and Material Disposition (including any reduction of Indebtedness in connection therewith) since the date of such financial statements as if such Qualifying Permitted Acquisition and any such Permitted Acquisition and Material Disposition (and any incurrence or reduction of Indebtedness in connection with any of the foregoing) had occurred as of the first day of the four quarter period set forth in such financial statements, shall not exceed 3.75 to 1.00 and (B) the Leverage Ratio shall have been less than 3.50 to 1.00 for at least two consecutive fiscal quarters immediately preceding the commencement of such proposed Covenant Holiday. The Leverage Ratio shall be calculated as of the last day of each fiscal quarter of USI based upon (a) for Consolidated Funded Indebtedness, Consolidated Funded Indebtedness as of the last day of each such fiscal quarter and (b) for Consolidated EBITDA, the actual amount as of the last day of each fiscal quarter for the most recently ended four consecutive fiscal quarters.

2. Conditions of Effectiveness. This Amendment shall become effective and be deemed effective as of the date the following conditions shall have been satisfied (such date, the "Effective Date"), (a) the Agent shall have received duly executed copies of (i) this Amendment from the Borrower, the Parent and the Required Lenders and (ii) a Reaffirmation in the form of Attachment A hereto from each of the Parent and the Guarantors, (b) the Borrower shall have paid (or caused to be paid or reimbursed) the Amendment Fee (as defined below) and, to the extent invoiced, all Costs and Expenses (as defined below) on or prior to the date hereof, and (c) the Agent shall have received a duly executed copy of an amendment in respect of that certain Note Purchase Agreement, dated as of November 25, 2013, by and among the Borrower, the Parent and the purchasers named therein (the "2013 Note Purchase Agreement"), effecting modifications to the 2013 Note Purchase Agreement substantially the same as the modifications set forth in Section 1(a) of this Amendment and otherwise in form and substance reasonably satisfactory to the Administrative Agent (and the Required Lenders hereby consent to such amendment).

3. Representations and Warranties. Each of the Borrower and the Parent hereby represents and warrants as follows:

(a) This Amendment and the Credit Agreement as previously executed and as amended hereby, constitute legal, valid and binding obligations of the Borrower and the Parent and are enforceable against the Borrower and the Parent in accordance with their terms.

(b) Upon the effectiveness of this Amendment, each of the Borrower and the Parent hereby reaffirms that the representations and warranties of each Loan Party

contained in the Credit Agreement and in the other Loan Documents are true and correct in all material respects as of the Effective Date, except to the extent that any such representation or warranty expressly relates solely to a specific earlier date, in which case such representation or warranty was true and correct in all material respects as of such earlier date (provided, however, that the representation and warranty specified in Section 5.5 of the Credit Agreement shall be made only as of the Restatement Effective Date).

4. Reference to and Effect on the Credit Agreement.

(a) Upon the effectiveness of Section 1 hereof, on and after the Effective Date, each reference in the Credit Agreement to “this Agreement,” “hereunder,” “hereof,” “herein” or words of like import shall mean and be a reference to the Credit Agreement, as amended hereby.

(b) Except as specifically amended above, the Credit Agreement and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect, and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Agent or any of the Lenders, nor constitute a waiver of any provision of the Credit Agreement or any other documents, instruments and agreements executed and/or delivered in connection therewith.

5. Costs and Expenses. The Borrower agrees to pay all reasonable out-of-pocket costs, fees and out-of-pocket expenses (including attorneys’ fees and expenses charged to the Agent) incurred by the Agent in connection with the preparation, execution and delivery of this Amendment (“Costs and Expenses”).

6. Amendment Fee. Upon the effectiveness of this Amendment, the Borrower agrees to pay to each Lender that shall have delivered a signature page to this Amendment prior to 5:00 p.m., Chicago time, on August 29, 2016, an amendment fee of \$5,000 (all such fees in the aggregate being the “Amendment Fee”).

7. Governing Law. This Amendment shall be governed by and construed in accordance with the internal laws of the State of New York.

8. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

9. Counterparts. This Amendment may be executed by one or more of the parties to the Amendment on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

[signature pages begin on next page]

SS WHEREOF, the parties have executed this Amendment as of the date first above written.

ESSENDANT CO.

By: /s/Robert J. Kelderhouse
Name: Robert J. Kelderhouse
Title: Vice President and Treasurer

ESSENDANT INC.

By: /s/Robert J. Kelderhouse
Name: Robert J. Kelderhouse
Title: Vice President and Treasurer

Signature Page to
Amendment No. 2 to the Fourth Amended and Restated Five-Year Revolving Credit Agreement

JPMORGAN CHASE BANK, N.A., individually, as an LC Issuer, as Swing Line Lender
and as Agent

By: /s/Richard Barritt
Name: Richard Barritt
Title: Vice President

Signature Page to
Amendment No. 2 to the Fourth Amended and Restated Five-Year Revolving Credit Agreement

U.S. BANK NATIONAL ASSOCIATION, as an LC Issuer and Lender

By: /s/James N. DeVries
Name: James N. DeVries
Title: Senior Vice President

Signature Page to
Amendment No. 2 to the Fourth Amended and Restated Five-Year Revolving Credit Agreement

WELLS FARGO BANK, NATIONAL ASSOCIATION, as an LC Issuer and Lender

By: /s/Bradley Magnus
Name: Bradley Magnus
Title: Vice President

Signature Page to
Amendment No. 2 to the Fourth Amended and Restated Five-Year Revolving Credit Agreement

BANK OF AMERICA, N.A., as a Lender

By: /s/Daniel J. Skerl
Name: Daniel J. Skerl
Title: SVP

Signature Page to
Amendment No. 2 to the Fourth Amended and Restated Five-Year Revolving Credit Agreement

PNC BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/Patrick Flaherty
Name: Patrick Flaherty
Title: Managing Director

Signature Page to
Amendment No. 2 to the Fourth Amended and Restated Five-Year Revolving Credit Agreement

MUFG UNION BANK, N.A., as a Lender

By: /s/Mark Maloney
Name: Mark Maloney
Title: Authorized Signatory

Signature Page to
Amendment No. 2 to the Fourth Amended and Restated Five-Year Revolving Credit Agreement

RBS CITIZENS, N.A., as a Lender

By: /s/Jonathan Gleit
Name: Jonathan Gleit
Title: SVP

Signature Page to
Amendment No. 2 to the Fourth Amended and Restated Five-Year Revolving Credit Agreement

FIFTH THIRD BANK, as a Lender

By: /s/Kurt Marsan
Name: Kurt Marsan
Title: Vice President

Signature Page to
Amendment No. 2 to the Fourth Amended and Restated Five-Year Revolving Credit Agreement

KEYBANK NATIONAL ASSOCIATION, as a Lender

By: /s/Marc Evans
Name: Marc Evans
Title: Vice President

Signature Page to
Amendment No. 2 to the Fourth Amended and Restated Five-Year Revolving Credit Agreement

THE NORTHERN TRUST COMPANY, as a Lender

By: /s/Molly Drennan
Name: Molly Drennan
Title: Senior Vice President

Signature Page to
Amendment No. 2 to the Fourth Amended and Restated Five-Year Revolving Credit Agreement

TD BANK, N.A., as a Lender

By: /s/Michelle Dragonetti
Name: Michelle Dragonetti
Title: Senior Vice President

Signature Page to
Amendment No. 2 to the Fourth Amended and Restated Five-Year Revolving Credit Agreement

FIRST HAWAIIAN BANK, as a Lender

By: /s/Dawn Hoffman
Name: Dawn Hoffman
Title: Senior Vice President

Signature Page to
Amendment No. 2 to the Fourth Amended and Restated Five-Year Revolving Credit Agreement

ATTACHMENT A
REAFFIRMATION

Each of the undersigned hereby acknowledges receipt of a copy of Amendment No. 2 to the Fourth Amended and Restated Five-Year Revolving Credit Agreement dated as of July 8, 2013 by and among Essendant Co., an Illinois corporation (formerly known as United Stationers Supply Co.; the "Borrower"), Essendant Inc., a Delaware corporation (formerly known as United Stationers Inc.; the "Parent"), the financial institutions from time to time parties thereto (the "Lenders") and JPMorgan Chase Bank, N.A., in its capacity as administrative agent (the "Agent") (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), which Amendment No. 2 is dated as of August 29, 2016 (the "Amendment"). Capitalized terms used in this Reaffirmation and not defined herein shall have the meanings given to them in the Credit Agreement. The undersigned acknowledge and agree that nothing in the Credit Agreement, the Amendment or any other Loan Document shall be deemed to require the Agent or any Lender to consent to any future amendment or other modification to the Credit Agreement or any Loan Document. Each of the undersigned reaffirms the terms and conditions of each of the Collateral Documents and any other Loan Document executed by it and acknowledges and agrees that such agreement and each and every such Loan Document executed by the undersigned in connection with the Credit Agreement remains in full force and effect and is hereby reaffirmed, ratified and confirmed. All references to the Credit Agreement contained in the above-referenced documents shall be a reference to the Credit Agreement as so modified by the Amendment and as the same may from time to time hereafter be amended, modified or restated.

Dated: August 29, 2016

ESSENDANT INC.

By: /s/Robert J. Kelderhouse
Name: Robert J. Kelderhouse
Title: Vice President and Treasurer

Signature Page to Reaffirmation

ESSENDANT FINANCIAL SERVICES LLC
ESSENDANT MANAGEMENT SERVICES LLC
ESSENDANT INDUSTRIAL, LLC
O.K.I. SUPPLY, LLC
OKI MIDDLE EAST HOLDING CO.
CPO COMMERCE ACQUISITION, LLC
CPO COMMERCE, LLC
LIBERTY BELL EQUIPMENT CORPORATION
TRANSSUPPLY GROUP, LLC
LABEL INDUSTRIES, INC.
XL CHAMPION HOLDINGS, LLC
AJS GROUP, LLC
NESTOR HOLDING COMPANY
NESTOR SALES HOLDCO, LLC
NESTOR SALES, LLC

By: /s/Robert J. Kelderhouse
Name: Robert J. Kelderhouse
Title: Vice President and Treasurer

Signature Page to Reaffirmation

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Section 9: EX-10.9 (EX-10.9)

Exhibit 10.9

Essendant Receivables LLC
One Parkway North Boulevard
Deerfield, Illinois 60015

August 30, 2016

PNC Bank, National Association,
as Class Agent, Alternative Investor and the Agent

The Bank of Tokyo-Mitsubishi UFJ, LTD., New York Branch,
as Class Agent and Alternative Investor

Re: Consent Letter

Ladies Gentlemen:

is hereby made to the Amended and Restated Transfer and Administration Agreement (as amended through the date hereof, the "Transfer Agreement"), dated as of January 18, 2013, by and among Essendant Receivables LLC (the "SPV"), Essendant Co. (the "Originator"), Essendant Financial Services LLC, as Seller and as Servicer (the "Seller" or "Servicer"), PNC Bank, National Association ("PNC Bank"), as Agent, as a Class Agent and as an Alternate Investor, and the financial institutions from time to time parties thereto as Conduit Investors and Alternate Investors. Capitalized terms used but not defined herein shall have the meanings ascribed to them in Transfer Agreement.

the terms of the Transfer Agreement, no amendment, modification, waiver, or replacement to the Revolving Credit Agreement has any effect under the Transfer Agreement unless consented to in writing by each Class Agent. Section 6.3(a) of the Transfer Agreement requires the Originator and the Performance Guarantor to maintain a Leverage Ratio (as defined in the Revolving Credit Agreement) in accordance with the provisions of Section 6.20 of the Revolving Credit Agreement. The SPV hereby notifies each Class Agent that the Originator and the other parties to the Revolving Credit Agreement intend to amend Section 6.20 of the Revolving Credit Agreement to read in its entirety as set forth on Exhibit A attached hereto. The SPV hereby requests that each Class Agent consent to such amendment so that such amendment is effective under the Transfer Agreement. Accordingly, each Class Agent hereby consents to amending Section 6.20 of the Revolving Credit Agreement as set forth on Exhibit A and further agrees that the obligations of the Originator and the Performance Guarantor under Section 6.3(a) of the Transfer Agreement shall be to maintain a Leverage Ratio in accordance with the provisions of Section 6.20 of the Revolving Credit Agreement as so amended.

agreement shall be effective as of the date on which the Agent receives a counterpart of this letter agreement duly executed by each of the parties hereto.

agreement (i) shall be governed by and construed in accordance with the Laws of the State of New York (without reference to the conflicts of law principles thereof other than Section 5-1401 of the New York General Obligations Law) and (ii) may be executed in any number of counterparts, and by the different parties thereto on separate counterparts; each such counterpart shall be deemed an original and all of such counterparts taken together shall be deemed to constitute one and the same instrument; a facsimile or electronic copy of an executed counterpart of this letter agreement shall be effective as an original for all purposes.

[signatures begin on following page]

Please indicate your consent to and agreement with the foregoing by signing where indicated below.

Very truly yours,

ESSENDANT RECEIVABLES LLC

By: /s/Robert J. Kelderhouse
Title: Robert J. Kelderhouse

S-1 August 2016
Amendment Consent Letter

Consented and Agreed

PNC BANK, NATIONAL ASSOCIATION,
as Class Agent, Alternate Investor and the Agent

By: /s/Michael Brown
Title: Senior Vice President

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
NEW YORK BRANCH, as Class Agent and Alternate Investor

By: /s/Eric Williams
Eric Williams
Title: Managing Director

EXHIBIT A

6.20 Leverage Ratio. USI and the Borrower will not permit the ratio (the "Leverage Ratio"), determined as of the end of each of USI's fiscal quarters, of (i) Consolidated Funded Indebtedness of USI and its Subsidiaries to (ii) Consolidated EBITDA for the then most-recently ended four fiscal quarters to be greater than 3.50 to 1.00; provided that, the maximum Leverage Ratio permitted under this Section 6.20 shall be increased, in the case of (x) one or more Qualifying Permitted Acquisitions in which the cash portion of the Purchase Price for all such Qualifying Permitted Acquisitions consummated in the trailing twelve month period is in excess of \$150,000,000, to 4.00 to 1.00 and (y) unless and to the extent that clause (x) above does not apply, one or more Qualifying Permitted Acquisitions in which the cash portion of the Purchase Price for all such Qualifying Permitted Acquisitions consummated in the trailing twelve month period is in excess of \$75,000,000, to 3.75 to 1.00 (any such increase pursuant to clause (x) or clause (y), a "Covenant Holiday"), in each case, for the first four fiscal quarters (or, solely with respect to the Covenant Holiday under clause (x) that commenced with the fiscal quarter ending September 30, 2015, for the first six fiscal quarters) immediately following the Qualifying Permitted Acquisition giving rise to the Covenant Holiday (inclusive of the fiscal quarter in which such Qualifying Permitted Acquisition occurs); provided, further, that (A) at the time of any Qualifying Permitted Acquisition giving rise to any proposed Covenant Holiday arising pursuant to clause (x) above, the Leverage Ratio, calculated on a pro forma basis based on USI's most recent financial statements delivered pursuant to Section 6.1 (or, prior to the delivery of the first such financial statements hereunder, as of March 31, 2013) and giving effect to such Qualifying Permitted Acquisition (including any incurrence of Indebtedness in connection therewith) and any Permitted Acquisition (including any incurrence of Indebtedness in connection therewith) and Material Disposition (including any reduction of Indebtedness in connection therewith) since the date of such financial statements as if such Qualifying Permitted Acquisition and any such Permitted Acquisition and Material Disposition (and any incurrence or reduction of Indebtedness in connection with any of the foregoing) had occurred as of the first day of the four quarter period set forth in such financial statements, shall not exceed 3.75 to 1.00 and (B) the Leverage Ratio shall have been less than 3.50 to 1.00 for at least two consecutive fiscal quarters immediately preceding the commencement of such proposed Covenant Holiday. The Leverage Ratio shall be calculated as of the last day of each fiscal quarter of USI based upon (a) for Consolidated Funded Indebtedness, Consolidated Funded Indebtedness as of the last day of each such fiscal quarter and (b) for Consolidated EBITDA, the actual amount as of the last day of each fiscal quarter for the most recently ended four consecutive fiscal quarters.

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Section 10: EX-31.1 (EX-31.1)

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AS ADOPTED PURSUANT TO SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002

I, Robert B. Aiken, certify that:

1. I have reviewed this annual report on Form 10-Q of Essendant Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2016

/s/ ROBERT B. AIKEN

Robert B. Aiken
President and Chief Executive Officer

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Section 11: EX-31.2 (EX-31.2)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER AS ADOPTED PURSUANT TO SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002

I, Earl C. Shanks, certify that:

1. I have reviewed this annual report on Form 10-Q of Essendant Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2016

/s/ EARL C. SHANKS

Earl C. Shanks
Senior Vice President and Chief Financial Officer

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Section 12: EX-32.1 (EX-32.1)

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Essendant Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Robert B. Aiken, Chief Executive Officer of the Company, and Earl C. Shanks, Senior Vice President and Chief Financial Officer of the Company, each hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ ROBERT B. AIKEN

Robert B. Aiken
President and Chief Executive Officer
October 26, 2016

/s/ EARL C. SHANKS

Earl C. Shanks
Senior Vice President and Chief Financial Officer
October 26, 2016

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