

Non-GAAP Financial Measures

To supplement MSC's unaudited selected financial data presented on a basis consistent with Generally Accepted Accounting Principles ("GAAP"), the Company discloses certain non-GAAP financial measures, including adjusted operating income, adjusted net income, and adjusted net income per diluted share. The adjusted supplemental measures exclude non-recurring costs associated with the Class C Solutions Group ("CCSG") acquisition, the co-location of our corporate headquarters in Davidson, North Carolina, and executive transition and separation costs, and related tax effects. These non-GAAP measures are not in accordance with or an alternative for GAAP, and may be different from non-GAAP measures used by other companies. We believe that these non-GAAP measures have limitations in that they do not reflect all of the amounts associated with MSC's results of operations as determined in accordance with GAAP and that these measures should only be used to evaluate MSC's results of operations in conjunction with the corresponding GAAP measures. The presentation of this additional information is not meant to be considered in isolation or as a substitute for the most directly comparable GAAP measures. We compensate for the limitations of non-GAAP financial measures by relying upon GAAP results to gain a complete picture of Company performance.

In calculating non-GAAP financial measures, we exclude these non-recurring costs to facilitate a review of the comparability of the Company's operating performance on a period-to-period basis because such costs are not, in our view, related to the Company's ongoing operational performance. We use non-GAAP measures to evaluate the operating performance of our business, for comparison with forecasts and strategic plans, and for benchmarking performance externally against competitors. In addition, we use certain non-GAAP financial measures as performance metrics for management incentive programs. Since we find these measures to be useful, we believe that investors benefit from seeing results "through the eyes" of management in addition to seeing GAAP results. We believe that these non-GAAP measures, when read in conjunction with the Company's GAAP financials, provide useful information to investors by offering:

- The ability to make more meaningful period-to-period comparisons of the Company's on-going operating results;
- The ability to better identify trends in the Company's underlying business and perform related trend analyses; and
- A better understanding of how management plans and measures the Company's underlying business.

The following tables reconcile GAAP operating income, GAAP net income and GAAP net income per diluted share ("EPS") to non-GAAP adjusted operating income, adjusted net income, and adjusted net income per diluted share:

	Thirteen Weeks Ended February 28, 2015	
	(dollars in thousands)	Margin
GAAP Operating income	\$ 85,874	12.2 %
Non-recurring costs	467	
Adjusted Operating income	<u>\$ 86,341</u>	<u>12.2 %</u>

	Thirteen Weeks Ended March 1, 2014	
	(dollars in thousands)	Margin
GAAP Operating income	\$ 81,722	12.4 %
Non-recurring costs	8,037	
Adjusted Operating income	<u>\$ 89,759</u>	<u>13.6 %</u>

	Thirteen Weeks Ended February 28, 2015	Thirteen Weeks Ended March 1, 2014
	<i>(dollars in thousands)</i>	
Net sales	\$ 706,400	\$ 661,513
Cost of goods sold	385,526	354,692
Gross profit	320,874	306,821
Operating Expenses	235,000	225,099
Income from Operations	85,874	81,722
Non-recurring costs	467	8,037
Adjusted Operating income	<u>\$ 86,341</u>	<u>\$ 89,759</u>

	Thirteen Weeks Ended February 28, 2015	
<i>(in thousands, except per share amounts)</i>	\$(after tax)	Diluted EPS **
GAAP net income	\$ 51,527	\$ 0.83
Non-recurring costs*	286	-
Adjusted net income	<u>\$ 51,813</u>	<u>\$ 0.84</u>

* On a pre-tax basis includes approximately \$220 of non-recurring integration costs associated with the CCSG acquisition and approximately \$247 of non-recurring executive transition costs related to the planned retirement of the Chief Financial Officer. The non-recurring costs were calculated using an effective tax rate of 38.5%.

** Individual amounts of earnings per share may not agree to the total due to rounding

	Thirteen Weeks Ended March 1, 2014	
<i>(in thousands, except per share amounts)</i>	\$(after tax)	Diluted EPS
GAAP net income	\$ 49,512	\$ 0.79
Non-recurring costs*	4,944	0.08
Adjusted net income	<u>\$ 54,456</u>	<u>\$ 0.87</u>

* On a pre-tax basis includes approximately \$484 of non-recurring relocation costs associated with the Co-Location of the Company's headquarters in Davidson, North Carolina, approximately \$4,581 of non-recurring integration costs associated with the CCSG acquisition, and approximately \$2,972 of non-recurring executive separation costs related to the departure of the EVP of Human Resources. The non-recurring costs were calculated using an effective tax rate of 38.5%.