

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 August 29, 2015	
	(in thousands)	Margin
GAAP Operating income	\$ 95,440	13.1%
Non-recurring costs	236	
Adjusted Operating income	<u>\$ 95,676</u>	<u>13.2%</u>

	Thirteen Weeks Ended August 30, 2014	
	(in thousands)	Margin
GAAP Operating income	\$ 99,826	13.7%
Non-recurring costs	1,108	
Adjusted Operating income	<u>\$ 100,934</u>	<u>13.9%</u>

	Thirteen Weeks Ended August 29, 2015	Thirteen Weeks Ended August 30, 2014
	(in thousands)	
Net sales	\$ 727,405	\$ 726,623
Cost of goods sold	<u>400,270</u>	<u>395,437</u>
Gross profit	327,135	331,186
Operating Expenses	<u>231,695</u>	<u>231,360</u>
Income from Operations	95,440	99,826
Non-recurring costs	236	1,108
Adjusted Operating income	<u>\$ 95,676</u>	<u>\$ 100,934</u>

	Thirteen Weeks Ended August 29, 2015	
	\$(after tax)	Diluted EPS
<i>(in thousands, except per share amounts)</i>		
GAAP net income	\$ 59,022	\$ 0.96
Non-recurring costs*	149	-
Adjusted net income	<u>\$ 59,171</u>	<u>\$ 0.96</u>

* On a pre-tax basis includes approximately \$236 of non-recurring executive transition costs related to the planned retirement of the Company's Chief Financial Officer for the thirteen weeks ended August 29, 2015. The non-recurring costs were calculated using an effective tax rate of 36.9%.

	Thirteen Weeks Ended August 30, 2014	
	\$(after tax)	Diluted EPS
<i>(in thousands, except per share amounts)</i>		
GAAP net income	\$ 62,813	\$ 1.01
Non-recurring costs*	702	0.01
Adjusted net income	<u>\$ 63,515</u>	<u>\$ 1.02</u>

* On a pre-tax basis includes approximately \$29 of non-recurring relocation costs associated with the Co-Location of the Company's headquarters in Davidson, North Carolina and approximately \$1,079 of non-recurring integration costs associated with the CCSG acquisition for the thirteen weeks ended August 30, 2014. The non-recurring costs were calculated using an effective tax rate of 36.7%.

	Fiscal Year Ended August 29, 2015	
	(in thousands)	Margin
GAAP Operating income	\$ 379,529	13.0%
Non-recurring costs	4,507	
Adjusted Operating income	<u>\$ 384,036</u>	<u>13.2%</u>

	Fiscal Year Ended August 30, 2014	
	(in thousands)	Margin
GAAP Operating income	\$ 383,184	13.7%
Non-recurring costs	17,349	
Adjusted Operating income	<u>\$ 400,533</u>	<u>14.4%</u>

	Fiscal Years Ended	
	August 29, 2015	August 30, 2014
	(in thousands)	
Net sales	\$ 2,910,379	\$ 2,787,122
Cost of goods sold	1,593,804	1,500,866
Gross profit	1,316,575	1,286,256
Operating Expenses	937,046	903,072
Income from Operations	379,529	383,184
Non-recurring costs	4,507	17,349
Adjusted Operating income	<u>\$ 384,036</u>	<u>\$ 400,533</u>

	Fiscal Year Ended August 29, 2015	
	\$(after tax)	Diluted EPS
<i>(in thousands, except per share amounts)</i>		
GAAP net income	\$ 231,308	\$ 3.74
Non-recurring costs*	2,794	0.05
Adjusted net income	<u>\$ 234,102</u>	<u>\$ 3.79</u>

* On a pre-tax basis includes approximately \$1,081 of non-recurring integration costs associated with the CCSG acquisition, approximately \$2,706 for non-recurring executive separation costs related to the departure of the Executive Vice President of Sales, and approximately \$720 of non-recurring executive transition costs related to the planned retirement of the Company's Chief Financial Officer for the fiscal year ended August 29, 2015. The non-recurring costs were calculated using an effective tax rate of 38.0%.

	Fiscal Year Ended August 30, 2014	
	\$(after tax)	Diluted EPS
<i>(in thousands, except per share amounts)</i>		
GAAP net income	\$ 236,067	\$ 3.76
Non-recurring costs*	10,791	0.17
Adjusted net income	<u>\$ 246,858</u>	<u>\$ 3.93</u>

* On a pre-tax basis includes approximately \$2,614 of non-recurring relocation costs associated with the Co-Location of the Company's headquarters in Davidson, North Carolina, approximately \$11,763 of non-recurring integration costs associated with the CCSG acquisition and approximately \$2,972 for executive compensation for the fiscal year ended August 30, 2014. The nonrecurring costs were calculated using an effective tax rate of 37.8%.