

## Non-GAAP Financial Measures

To supplement MSC's 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 and the co-location of our corporate headquarters in Davidson, North Carolina and the 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 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 30, 2014	
	(dollars 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 31, 2013	
	(dollars in thousands)	Margin
GAAP Operating income	\$92,352	13.7%
Non-recurring costs	6,392	
Adjusted Operating income	<u>\$98,744</u>	<u>14.7%</u>

Thirteen Weeks Ended

August 30, 2014

	(dollars in thousands)	% of Sales
GAAP Operating expenses	\$231,360	31.8%
Non-recurring costs	1,108	
Adjusted Operating expenses	\$230,252	31.7%

Thirteen Weeks Ended

August 31, 2013

	(dollars in thousands)	% of Sales
GAAP Operating expenses	\$215,193	31.9%
Non-recurring costs	6,392	
Adjusted Operating expenses	\$208,801	31.0%

Thirteen Weeks Ended

August 30, 2014

Thirteen Weeks Ended

August 31, 2013

	(dollars in thousands)	
Sales	\$726,623	\$673,773
Cost of Sales	395,437	366,228
Gross Margin	331,186	307,545
Operating Expenses	231,360	215,193
Income from Operations	99,826	92,352
Non-recurring costs	1,108	6,392
Adjusted Operating income	\$100,934	\$98,744

Thirteen Weeks Ended

August 30, 2014

(in thousands, except per share amounts)	\$(after tax)	Diluted EPS
GAAP net income	\$62,813	\$1.01
Non-recurring costs*	702	0.01
Adjusted net income	\$63,515	\$1.02

\* 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%.

Thirteen Weeks Ended

August 31, 2013

<i>(in thousands, except per share amounts)</i>	\$(after tax)	Diluted EPS
GAAP net income	\$56,375	\$0.89
Non-recurring costs*	3,945	0.06
Adjusted net income	<u>\$60,320</u>	<u>\$0.95</u>

\*On a pre-tax basis includes approximately \$1,900 of non-recurring relocation costs associated with the Co-Location of the Company's headquarters in Davidson, North Carolina and approximately \$4,492 of non-recurring transaction and integration costs associated with the CCSG acquisition for the thirteen weeks ended August 31, 2013. The non-recurring costs were calculated using an effective tax rate of 38.3%.

Fiscal Year Ended

August 30, 2014

	(dollars 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 Year Ended

August 31, 2013

	(dollars in thousands)	Margin
GAAP Operating income	\$385,526	15.7%
Non-recurring costs	15,881	
Adjusted Operating income	<u>\$401,407</u>	<u>16.3%</u>

Fiscal Year Ended

August 30, 2014

	(dollars in thousands)	% of Sales
GAAP Operating expenses	\$903,072	32.4%
Non-recurring costs	17,349	
Adjusted Operating expenses	<u>\$885,723</u>	<u>31.8%</u>

Fiscal Year Ended  
August 31, 2013

	(dollars in thousands)	% of Sales
GAAP Operating expenses	\$732,990	29.8%
Non-recurring costs	15,881	
Adjusted Operating expenses	\$717,109	29.2%

Fiscal Year Ended

August 30, 2014

August 31, 2013

	(dollars in thousands)	
Sales	\$2,787,122	\$2,457,649
Cost of Sales	1,500,866	1,339,133
Gross Margin	1,286,256	1,118,516
Operating Expenses	903,072	732,990
Income from Operations	383,184	385,526
Non-recurring costs	17,349	15,881
Adjusted Operating income	\$400,533	\$401,407

Fiscal Year Ended  
August 30, 2014

*(in thousands, except per share  
amounts)*

	\$(after tax)	Diluted EPS
GAAP net income	\$236,067	\$3.76
Non-recurring costs*	10,791	0.17
Adjusted net income	\$246,858	\$3.93

\* 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 non-recurring costs were calculated using an effective tax rate of 37.8%.

Fiscal Year Ended  
August 31, 2013

<i>(in thousands, except per share amounts)</i>	\$(after tax)	Diluted EPS**
GAAP net income	\$237,995	\$3.75
Non-recurring costs*	10,226	0.16
Adjusted net income	\$248,221	\$3.91

\*On a pre-tax basis includes approximately \$4,291 of non-recurring relocation costs associated with the Co-Location of the Company's headquarters in Davidson, North Carolina and approximately \$11,590 of non-recurring transaction and integration costs associated with the CCSG acquisition for the fiscal year ended August 31, 2013. The non-recurring costs were calculated using an effective tax rate of 37.9%.