

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 for the thirteen weeks ended May 30, 2015 associated with the executive transition costs related to the retirement of our former Chief Financial Officer and related tax effects. There were no adjustments for non-recurring costs for the thirteen weeks ended May 28, 2016. 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 May 30, 2015	
	(in thousands)	% of Net Sales
GAAP Operating income	\$ 104,244	14.0 %
Non-recurring costs	237	
Adjusted Operating income	\$ 104,481	14.0 %

	Thirteen Weeks Ended May 30, 2015	
	(in thousands)	
Net sales	\$	745,483
Cost of goods sold		407,066
Gross profit		338,417
Operating Expenses		234,173
Income from Operations		104,244
Non-recurring costs		237
Adjusted Operating income	\$	104,481

<i>(in thousands, except per share amounts)</i>	Thirteen Weeks Ended May 30, 2015	
	\$(after-tax)	Diluted EPS
GAAP net income	\$ 63,342	\$ 1.03
Non-recurring costs*	146	-
Adjusted net income	<u>\$ 63,488</u>	<u>\$ 1.03</u>

* On a pre-tax basis includes approximately \$237 of non-recurring executive transition costs related to the retirement of our former Chief Financial Officer. The non-recurring costs were calculated using an effective tax rate of 38.3%.