

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ SEE ATTACHED

18 Can any resulting loss be recognized? ▶ SEE ATTACHED

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ SEE ATTACHED

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶  Date ▶ 9/14/16
Print your name ▶ Ruston J. Ilic Title ▶ CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no.			

14. On August 19, 2016, pursuant to its previously announced stock purchase agreement, dated July 5, 2016 (the "Purchase Agreement"), MSC Industrial Direct Co., Inc. ("MSC", "we", "our", or "us") completed the purchase of an aggregate of 1,152,049 shares of its Class A common stock, par value \$0.001 per share ("Class A Common Stock"), from certain beneficial owners (collectively, the "Sellers") of the Company's Class B common stock, par value \$0.001 per share ("Class B Common Stock"), at a purchase price of \$72.50 per share, for an aggregate purchase price of approximately \$83.5 million. The purchase price per share paid to the Sellers pursuant to the Purchase Agreement is equal to the purchase price per share paid to shareholders whose shares were purchased in the Company's recently completed modified "Dutch auction" tender offer for up to \$300 million of Class A Common Stock that expired at 5:00 p.m., New York City time, on August 4, 2016 (the "Tender Offer"). After giving effect to the purchases pursuant to the Purchase Agreement, the aggregate percentage ownership and voting power of the beneficial owners of the Company's Class B Common Stock in the Company remains substantially the same as prior to the Tender Offer.

15. Under Section 302 of the Internal Revenue Code of 1986, as amended (the "Code"), a sale of shares for cash by a Seller pursuant to the Purchase Agreement will be treated as a "sale or exchange" of shares for U.S. federal income tax purposes, rather than as a distribution with respect to the shares held by the Seller, only if the sale: (i) results in a "complete termination" of such Seller's equity interest in us, or (ii) results in a "substantially disproportionate" redemption with respect to such Seller, or (iii) is "not essentially equivalent to a dividend" with respect to the Seller. In determining whether any of these tests have been met, a Seller must take into account not only the shares that the Seller actually owns, but also the shares that the Seller constructively owns within the meaning of Section 318 of the Code (as modified by Section 302(c) of the Code). Under these constructive ownership rules, a shareholder will be considered to own those shares owned, directly or indirectly, by certain members of the shareholder's family and certain entities (such as corporations, partnerships, trusts and estates) in which the shareholder has an equity interest, as well as shares the shareholder has an option to purchase. Sellers should consult their own tax advisors with respect to the operation of these constructive ownership rules.

The purchase of a Seller's shares by us in the Purchase Agreement will result in a "complete termination" of the Seller's equity interest in us if either (1) all of the shares in us actually and constructively owned by the Seller are exchanged for cash pursuant to the Purchase Agreement or (2) all of the shares in us actually owned by the Seller are exchanged for cash pursuant to the Purchase Agreement and the Seller is eligible to waive, and effectively waives, the attribution of all shares in us constructively owned by the Seller in accordance with the procedures described in Section 302(c)(2) of the Code. A Seller may also satisfy the "complete termination" test if, in the same transaction, some of its shares in us are redeemed and all of the remainder of its shares in us are sold or otherwise transferred to a third party so that after the transaction the Seller no longer owns (actually or constructively) any shares in us. Sellers wishing to satisfy the "complete termination" test through waiver of attribution in accordance with the procedures described in Section 302(c)(2) of the Code should consult their own tax advisors concerning the mechanics and desirability of such a waiver.

A sale of shares by a Seller will be a substantially disproportionate redemption with respect to a Seller if (1) the Seller's percentage ownership of our outstanding voting stock (including all classes that carry voting rights) is reduced immediately after the redemption to less than 80% of its percentage interest in such stock immediately before the redemption; (2) the Seller's percentage ownership of our outstanding common stock (both voting and nonvoting) immediately after the redemption is reduced to less than 80% of such percentage ownership immediately before the redemption; and (3) the Seller owns, immediately after the redemption, less than 50% of the total combined voting power of all classes of our stock entitled to vote.

A sale of shares by a Seller pursuant to the Purchase Agreement will satisfy the "not essentially equivalent to a dividend" test if, taking into account the applicable constructive ownership rules, it results in a "meaningful reduction" of the Seller's proportionate interest in us. Whether a Seller meets this test will depend on the Seller's particular facts and circumstances, as well as the relative percentage of the shares sold by such Seller and each of the other shareholders. However, the IRS has indicated in published guidance that even a small reduction in the proportionate interest of a small minority shareholder in a publicly and widely held corporation who exercises no control over corporate affairs may constitute a "meaningful reduction." In the event that other shareholders exchange a greater percentage of their shares than a particular shareholder, a shareholder's interest in us may increase immediately following the sale even if that shareholder exchanges shares for cash and such shareholder does not (actually or constructively) acquire any other shares.

Section 302 and the related regulations and guidance are complex. Sellers should consult their own tax advisors regarding the proper treatment of a disposition of shares pursuant to the Purchase Agreement in light of each Seller's particular circumstances.

If a sale of shares pursuant to this Purchase Agreement by a United States Holder (as defined in the prospectus for the Tender Offer) is treated as a sale or exchange for U.S. federal income tax purposes, such United States Holder will recognize capital gain or loss equal to the difference between (i) the amount received, and (ii) the United States Holder's adjusted tax basis in the shares that are sold pursuant to the Purchase Agreement. Such gain or loss will generally be long-term capital gain or loss if the United States Holder's holding period for the shares sold exceeds one year at the time of the sale. Long-term capital gains of a non-corporate United States Holder are currently eligible for reduced rates of U.S. federal income taxation. A United States Holder's ability to deduct capital losses is subject to certain limitations.

If a United States Holder's receipt of cash attributable to an exchange of shares for cash pursuant to the Purchase Agreement does not meet one of the tests under Section 302 of the Code described above, then the full amount of cash received by the United States Holder with respect to our purchase of shares under the Purchase Agreement will be treated as a distribution to the United States Holder with respect to the United States Holder's shares and will be treated as ordinary dividend income to the United States Holder to the extent of such United States Holder's ratable share of our current and

MSC Industrial Direct Co., Inc.
Attachment to Form 8937

accumulated earnings and profits as determined under United States federal income tax principles.

16. See discussion in 15 above.
17. Sections 301, 302 and 317 of the Code.
18. No loss will be recognized by a United States Holder if its sale of shares pursuant to the Purchase Agreement is treated as a distribution with respect to the shares under Section 302 of the Code. If a loss is recognized, the character and classification of the loss is dependent on a United States Holder's particular circumstances and may be subject to limitation. Sellers should consult their own tax advisors.
19. Pursuant to Treasury Regulations Section 1.6045B-1(a)(2)(i), the redemption occurred on August 19, 2016, the last day a Seller may redeem shares under the Purchase Agreement. Thus, the reportable taxable year for the sale under the Purchase Agreement is the tax year of the Seller that includes August 19, 2016.