



**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

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18 Can any resulting loss be recognized? ▶ SEE ATTACHED

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

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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 ▶ Rurton Jilla Title ▶ CFo

<b>Paid Preparer Use Only</b>	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

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

14. MSC Industrial Direct., Inc. (“MSC”, “we”, “our”, or “us”) completed a Tender Offer (“Offer”) for its Class A common stock that expired at 5:00 p.m., New York City time, on August 4, 2016, and repurchased 3,821,279 shares, \$0.001 par value per share, at a price of \$72.50 a share which was paid by MSC on August 11, 2016.
15. Under Section 302 of the Internal Revenue Code of 1986, as amended (the “Code”), a sale of shares for cash by a shareholder pursuant to the Offer 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 tendering shareholder, only if the sale: (i) results in a “complete termination” of such shareholder’s equity interest in us, or (ii) results in a “substantially disproportionate” redemption with respect to such shareholder, or (iii) is “not essentially equivalent to a dividend” with respect to the shareholder. In determining whether any of these tests have been met, a shareholder must take into account not only the shares that the shareholder actually owns, but also the shares that the shareholder 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. Shareholders should consult their own tax advisors with respect to the operation of these constructive ownership rules.

The purchase of a shareholder’s shares by us in the Offer will result in a “complete termination” of the shareholder’s equity interest in us if either (1) all of the shares in us actually and constructively owned by the shareholder are exchanged for cash pursuant to the Offer or (2) all of the shares in us actually owned by the shareholder are exchanged for cash pursuant to the Offer and the shareholder is eligible to waive, and effectively waives, the attribution of all shares in us constructively owned by the shareholder in accordance with the procedures described in Section 302(c)(2) of the Code. A shareholder 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 shareholder no longer owns (actually or constructively) any shares in us. Shareholders 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 shareholder will be a substantially disproportionate redemption with respect to a shareholder if (1) the shareholder’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 shareholder’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 shareholder 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 shareholder pursuant to the Offer 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 shareholder’s proportionate interest in us. Whether a shareholder meets this test will depend on the shareholder’s particular facts and circumstances, as well as the relative percentage of the shares tendered by such shareholder 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. Shareholders should consult their own tax advisors regarding the proper treatment of a disposition of shares pursuant to the Offer in light of each shareholder’s particular circumstances.

If a sale of shares pursuant to this Offer by a United States Holder (as defined in the prospectus for the 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 Offer. 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 Offer 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 Offer 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 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 Offer 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. Tendering shareholders should consult their own tax advisors.

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19. Pursuant to Treasury Regulations Section 1.6045B-1(a)(2)(i), the redemption occurred on August 4, 2016, the last day a shareholder may redeem shares under the Offer. Thus, the reportable taxable year for the Offer is the tax year of the shareholder that includes August 4, 2016.