



March 12, 2008

Dear Fellow Associates:

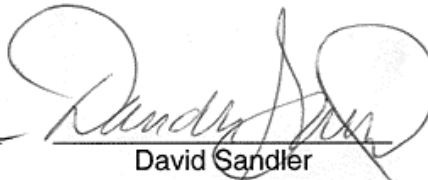
MSC is a company governed by the highest standards of business conduct and ethics. Our success is defined not just by our commitment to superior customer service, but also by our reputation for integrity and fair dealing.

The attached Code of Business Conduct, which we have adopted in accordance with the New York Stock Exchange rules, articulates standards of business and professional ethics that we expect each MSC associate to follow in his or her dealings on behalf of the Company. In addition to Company policies, the Code includes summary descriptions of complex areas of law, which may appear overwhelming at first. As an associate or director of MSC, you are expected to read the Code and comply with its requirements. You are not expected to become an expert in the law, only to understand how to comply and to seek assistance if you are uncertain of how to proceed.

In addition to receiving this document, training will be scheduled to aid associates in understanding and complying with the Code. However, if at any time, you have any doubts or questions about compliance with the Code, its interpretation, or whether an action is permissible under the Code, you should ask your immediate manager or the Corporate Compliance Officer, or any of the other contact individuals listed in the Code on page 5, prior to taking action.



Mitchell Jacobson
Chairman



David Sandler
President & CEO



Chuck Boehlke
Executive VP & CFO



Code of Business Conduct

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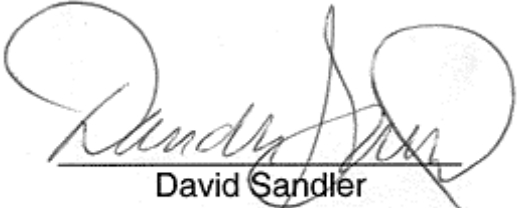
MSC's CODE OF BUSINESS CONDUCT

MSC is a company governed by the highest standards of business conduct and ethics. Our success is defined not just by our commitment to superior customer service, but also by our reputation for integrity and fair dealing. While meeting our business objectives is important, we insist that these objectives can be accomplished while adhering to our core values of honesty and fair dealing, even when circumstances make that difficult.

The following Code of Business Conduct articulates standards of business and professional ethics that we expect each MSC associate to follow in their dealings on behalf of the Company. Adherence to these standards will not only avoid potential civil and criminal exposures, but by avoiding even the appearance of impropriety, we ensure that our reputation for fair dealing and ethical business conduct remains intact.

As an associate or director of MSC, you are expected to become familiar with the provisions of the Code of Business Conduct and comply with its requirements. Questions regarding the applicability and interpretation of the Code in specific situations should be directed to your immediate manager or the Corporate Compliance Officer. Examples of unethical and prohibited behavior, and activities are provided in Appendix A for your reference, but it should be very clear that Appendix A does not cover all situations.

I expect every associate of MSC to make a conscientious effort to act at all times in accordance with both the letter and spirit embodied in the Code of Business Conduct. MSC Industrial Direct Co., Inc.'s reputation and future success depend on it.



David Sandler
President & CEO

MSC's CODE OF BUSINESS CONDUCT

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PART 1 – STANDARDS OF BUSINESS ETHICS

A. LAWFUL AND ETHICAL BEHAVIOR

Lawful and ethical behavior is required at all times. The purpose of the Code of Business Conduct (the “Code”) is to provide a statement of certain key policies and procedures of MSC Industrial Direct Co., Inc. (“MSC” or the “Company”) for conducting our business in a legally and ethically appropriate manner.

It is and has been our policy to be a good “corporate citizen” of the states and countries in which we do business. We have a responsibility to obey applicable laws. This includes the laws that directly affect the way we do business, such as those covering wholesale distribution of maintenance repair and operations (MRO) supplies, antitrust laws, laws relating to trading in MSC stock and those governing our relationship with our associates.

Each of us has a responsibility to set an example of good behavior by continually acting in a clearly ethical manner. Our policies concerning legal and ethical behavior were established in the firm belief that it is both right and in the interest of MSC for our directors, officers and associates to act in accordance with them. Each of you is responsible for reviewing and understanding these policies and procedures to the extent related to your activities and responsibilities. You can obtain advice concerning these policies from your manager or the Corporate Compliance Officer. On doubtful questions or “close calls”, you must seek and receive advice in advance of taking action.

MSC managers are expected to lead according to our standards of ethical conduct in both words and action. Managers are responsible for promoting open and honest two-way communications, and to be positive and active role models who show respect and consideration for each of our associates. Managers must be diligent in looking for indications that unethical or illegal conduct has occurred.

The Code is not an employment contract, nor is it intended to be an all-inclusive policy statement of MSC. However, by signing the accompanying Acknowledgment Form, associates agree to comply with all of the policies contained within the Code. MSC reserves the right to provide the final interpretation of the policies in the Code and revise them as appropriate. When revisions occur, MSC will ask associates to review the revisions and sign a new Acknowledgement Form confirming their understanding and agreement to comply with the Code as revised. MSC will advise associates of other policies which must be followed.

Summarized below are certain laws and the related policies and procedures of the Company, which are particularly important to the Company’s business, and the preservation of its good name and reputation. Integrity is, and must continue to be, the basis of all our corporate relationships.

Waivers of the Code, in the case of waivers for directors or executive officers of the Company, can only be made by the Company’s Board of Directors or by the Company’s Nominating and Corporate Governance Committee of the Board of Directors, and must be promptly disclosed to the Company’s shareholders. Waivers not involving directors or executive officers can be made by the Company’s Corporate Compliance Officer.

PART 1 – STANDARDS OF BUSINESS ETHICS

B. CORPORATE COMPLIANCE

It is our policy not to tolerate unethical or unlawful behavior, to halt any such behavior that may occur as soon as reasonably possible after its discovery and to discipline those who engage in such behavior, as well as individuals who fail to exercise appropriate supervision and oversight and thereby allow such behavior by their subordinates to go undetected.

Failure to comply with the standards contained in the Code can have severe consequences for both the individuals involved and the Company. In addition to potentially damaging MSC's good name, trade and customer relations and its business opportunities, conduct, which violates the Code, may also violate federal, state and local laws. These violations can subject the individuals involved to fines, prosecution and imprisonment. The Company may also be subject to prosecution, fines and other penalties for the improper conduct of its associates. Also, violation of these policies could subject an associate to disciplinary action up to and including termination of employment.

The Director of Internal Audit has been designated as the Corporate Compliance Officer. The Corporate Compliance Officer will have the ultimate responsibility for overseeing compliance with all applicable laws, the Code, and all related Company policies and procedures.

The Corporate Compliance Officer has also been designated to oversee all internal auditing, monitoring, and self-evaluation programs relating to the legal and regulatory obligations of the Company to insure a broad and consistent interpretation of our corporate compliance objectives. This responsibility covers all existing and future programs. The Corporate Compliance Officer, at least quarterly, receives a full briefing on each of these programs from the individuals responsible for them, including both the nature and scope of the programs and any finding regarding possible non-compliance. In this role, the Corporate Compliance Officer reports directly to the Executive Vice President and Chief Financial Officer and the Audit Committee of the Board of Directors.

If you know of, or reasonably believe there is, a violation of applicable laws, the Code, or the Company's related policies and procedures, you must report that information immediately to your manager or to the Corporate Compliance Officer. If you believe the manager to whom you have reported the violation, or possible violation, has not taken appropriate action, you must contact the Corporate Compliance Officer or the Chair of the Audit Committee, as applicable. If the person you believe violated applicable laws, the Code of Conduct or our related policies and procedures is (i) your manager, you should report the violation to the Corporate Compliance Officer, (ii) is the Corporate Compliance Officer, you should report the violation to the Chief Executive Officer, or (iii) is the Chief Executive Officer, you should report the violation to the Chair of the Audit Committee. Investigations will be conducted by and under the supervision of the Corporate Compliance Officer. It is imperative that persons who make such reports and persons to whom reports are made not conduct their own preliminary investigations, unless authorized to do so by the Chair of the Audit Committee, the CEO or the Corporate Compliance Officer, as applicable.

We are committed to administering the Code fairly, objectively and conscientiously. The identity of associates about whom or against whom an alleged violation of the Code has been made will remain confidential unless or until it has been determined that a violation has occurred that requires disciplinary action. At that time, the information will only be released on a need-to-know basis. The identity of associates reporting a violation will remain confidential to the extent possible. Further, such associates will be protected from reprisals. Retaliation against any associate who honestly and in good faith reports a concern to MSC about unethical or illegal conduct will not be tolerated. However, it is not acceptable to file a report knowing it to be false.

PART 1 – STANDARDS OF BUSINESS ETHICS

Reports of a violation, or possible violation, may be made by telephone, email, in person or in writing. A sufficiently detailed description of the factual basis for the allegations should be given in order to allow for an appropriate investigation. The Company has two anonymous hotlines (the fraud, abuse and waste [F.A.W.] hotline and a third party provided hotline) for reporting allegations of questionable accounting or auditing matters, as well as fraud, waste and abuse. The F.A.W. hotline has been established for anyone to report information regarding questionable accounting or auditing matters, as well as fraud, waste and abuse directly to one of the following: the Chairman of the Audit Committee (an independent non-management member of MSC's board of directors), the Senior VP of Human Resources and the Director of Internal Audit/Corporate Compliance Officer. As an additional option, the Company has contracted with an independent third party hotline service provider (telephone number, e-mail address and website are listed below) that anyone can use, in lieu of the F.A.W. hotline, to report such matters, which will be relayed directly to the Chairman of the Audit Committee.

Taking action to prevent problems is part of MSC's culture. If you observe possible unethical or illegal conduct, you are encouraged to report your concerns.

Contact information for reporting violations, or possible violations to someone other than your manager is as follows:

Chair of Audit Committee

Philip Peller
75 Maxess Rd.
Melville, NY 11747
1-800-753-7972

Executive VP & CFO

Chuck Boehlke
75 Maxess Rd.
Melville, NY 11747
516 812-1893
boehlkec@mscdirect.com

Corporate Compliance Officer

Frank Nardolillo
75 Maxess Rd.
Melville, NY 11747
516 812-1238
nardolif@mscdirect.com

Senior VP of Human Resources

Eileen McGuire
75 Maxess Rd.
Melville, NY 11747
516 812-1502
mcquiree@mscdirect.com

F.A.W. hotline: 1-800-753-7972

Third party hotline:

Web site: <https://www.openboard.info/msm>

Email address: msm@openboard.info

Telephone number: 1-866-259-2675

PART 1 – STANDARDS OF BUSINESS ETHICS

C. CONFLICTS OF INTEREST

It is MSC policy to respect and encourage the right of its associates to make financial investments and to engage in outside activities with the understanding that these investments or activities do not conflict with their official duties and are not contrary to the best interests of the Company.

In this regard, associates are expected to avoid situations that might involve a conflict, or give the appearance of a conflict between their personal interests and the interests of the Company.

All associates are required to disclose to their manager any situation that may be, or appears to be, a conflict of interest. When in doubt, it is best to disclose. Your participation in any activity that could involve an actual or potential conflict of interest requires the advance approval of your manager and the Corporate Compliance Officer.

In the case of any Director or Executive Officer of MSC, any situation that might involve a conflict or give the appearance of a conflict must be disclosed to the Corporate Compliance Officer and the Nominating and Corporate Governance Committee must approve, in advance, participation in any activity that could involve a potential or actual conflict of interest.

Although it is impossible to describe every circumstance that may give rise to possible conflicts of interest, the following examples will serve as a guide to questionable activity:

Financial Interests in Other Businesses:

- Ownership of a substantial interest in any outside concern that has a present or prospective business relationship with, or is a competitor of, the Company. “Substantial interest” is generally defined as more than 5% ownership of a public company, ownership of a substantial interest in a private company sufficient to influence decisions or derive a significant profit. Ownership of any “substantial interest” thus defined, is not expressly prohibited, but must be disclosed to the Company.
- Associates should not have business dealings on behalf of MSC with any outside concern where the associate or a relative¹ has a substantial financial interest without prior written disclosure to the associate’s manager of the relationship. If there is any doubt about how a relationship might be perceived, it should be disclosed to management.

Services to a Customer, Supplier or Competitor:

- Providing management or consulting services to an organization, which does business with or is a competitor of the Company.

Gifts:

Accepting gifts or loans of more than token value, excessive entertainment or travel, or other substantial favors from a supplier or competitor of the Company. “Token value” means \$50 or less of fair market value. “Excessive entertainment or travel” means hospitality and meals or entertainment that cannot be viewed as normal and customary business courtesies. If a gift of more than token value is offered, or if you are unsure as to whether the value of a gift exceeds

¹ For purposes of this document “relative” shall be defined as any child, stepchild, parent, grandparent, stepparent, spouse, domestic partner, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, aunt, uncle, niece or nephew, by blood, marriage or adoption and any person (other than a tenant or employee) sharing the household of such person.

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an appropriate amount, consult your manager or the Corporate Compliance Officer at once as to its disposition.

Kickbacks or Bribes:

Any request or receipt of any payment, loan, gift or other benefit from a customer or supplier as an inducement to take actions favorable to such supplier or customer or actions that might be unfavorable to a competitor of a customer or supplier.

Use of Information:

Disclosing, misappropriating, or using Company confidential information for matters unrelated to the proper performance of your assigned duties. It does not matter whether or not this disclosure or use is motivated by an actual or anticipated personal profit or advantage. Any information about the Company is presumed to be “confidential” until it is made available to the public through the press, periodicals, financial or business publications, or similar sources.

Competition:

Competing with the Company, directly or indirectly, in the purchase, sale or leasing of property or interests in property.

Corporate Opportunities:

Using any business opportunity that is discovered through your relationship with the Company without first offering such opportunity to the Company.

Acquisition of Property:

Acquiring an interest in property or assets whose value may be affected by actions taken by the Company.

To ensure compliance with this policy, all Members of the Board, Officers, Functional Directors and Managers of the Company are required to complete and sign a conflict of interest questionnaire annually.

PART 1 – STANDARDS OF BUSINESS ETHICS

D. BUSINESS PRACTICES

- **Equal Employment Opportunity: Harassment**

At MSC, the role of each member within the organization is important and your sense of well being is crucial to our success. We are concerned about all of our associates and provide equal opportunity employment in all employment-related matters. In addition to our Equal Employment Opportunity Policy, we do not tolerate harassment of, or by, any of our associates, applicants, suppliers, competitors or customers. For a full discussion of our equal employment opportunity policy and policies forbidding sexual and discriminatory harassment, see 'Part 6 – Equal Employment Opportunity Policy and Internal Complaint Procedure'.

- **Accounting and Financial Reporting**

All funds and other assets and all transactions of the Company must be properly documented, fully accounted for and promptly recorded in conformity with the Company's accounting policies and generally accepted accounting principles to enable preparation of timely management reports and to meet external and regulatory reporting requirements. Company business records must always be prepared accurately and reliably and stored properly.

The financial records of the Company must accurately reflect all transactions, including any payment of money, transfer of property or furnishing of services. All transactions must be executed in accordance with the Company's general or specific authorization.

Under no circumstances may Company funds or assets be used for any unlawful purpose.

Under no circumstances will unrecorded assets or transactions be tolerated, regardless of their intended purpose or use.

Under no circumstances shall improper, intentionally inaccurate or false entries be made in any of the Company's financial records.

It must be emphasized that an intention to deceive or defraud is not required to constitute a violation of any of these standards.

To ensure compliance with these standards, all associates are expected to give complete cooperation to MSC's financial accounting organization, internal audit and independent outside auditors to enable them to perform their duties.

Any associate having information or knowledge of any hidden fund or asset, any false or artificial entry in the books and records of the Company or any inappropriate payment, or any complaint regarding accounting, internal accounting controls or auditing matters shall promptly report the matter to the Corporate Compliance Officer or the appropriate contact identified in Part I above. Associates may submit such information anonymously and the Corporate Compliance Officer shall keep the identity of the source of such complaint confidential except to the extent that identification of the source is necessary for the Audit Committee to conduct its investigation.

- **Bribes, Kickbacks and Other Improper Payments**

No associate of the Company may enter any agreement or arrangement where the intent or probable result is to improperly reward:

- a government official or representative;

PART 1 – STANDARDS OF BUSINESS ETHICS

- an owner, employee or representative of a supplier, customer or competitor; or
- an officer, official, member or representative of a labor union.

The purpose of this rule is to prohibit inappropriate or illegal inducements to individuals to take actions favorable to the Company but which may be inconsistent with the interests of their own organization or contrary to law.

It is particularly important in these situations to avoid even the appearance of impropriety. Our concern is not whether a gift, donation or service is technically legal or customary, but also whether the public might reasonably view such an inducement as improper or unethical if all the circumstances were disclosed.

The following situations tend to create the appearance of impropriety and should be avoided:

- Payments to Public Officials: Any consideration given to a public official, unless authorized by statute, is prohibited.
- Excessive Payments: When the value of the payment exceeds the reasonable value of the service being performed. Excessive payments tend to suggest that some of the payment is being channeled to the individual involved, or is otherwise being used improperly.
- Payments Inducing Breaches of Duty: Payments that induce an individual to act without regard for those whom he/she represents. For example, paying an associate of a competitor for confidential information would be prohibited.
- Deceptive Payments: Payments made with the intention or understanding that the payment would be used for other than its stated purpose.
- Kickbacks: Payments made to induce a public official, or the employee of a customer or supplier, to direct business to MSC or otherwise take action that favors the Company in a manner that is or appears to be improper or unethical.

Transactions Outside the Prohibitions of this Guideline:

This policy is not intended to restrict normal business transactions. For example, situations where some consideration is appropriate and the amount provided is reasonable in relation to the actual work performed.

PART 1 – STANDARDS OF BUSINESS ETHICS

- Appropriateness: Consideration is appropriate when it is given openly to an individual providing the Company a service, which is generally recognized as legal and proper.
- Reasonableness: Relevant factors here include the type of service performed, the expertise involved, the time spent, the conditions under which the service was rendered, the importance to the Company of the results achieved and the cost of comparable services in the marketplace. Paying an individual with some technical expertise in his or her field at his or her usual rate, even if expensive, can be reasonable, if the services are valuable to the Company.
- Entertainment and Gift Business Expenses: In the course of normal business activities, it is often appropriate and customary to incur entertainment, gift or similar business expenses. Associates are expected to exercise good judgment in determining whether a given expenditure is consistent with this policy. Entertainment expenses should be reasonable for the circumstances involved. Gifts of more than token value and entertainment expenses that are excessive and not customary should be avoided. As always, if you have any question as to whether an amount is appropriate, ask your manager or the Corporate Compliance Officer.

The Company also expects its associates to comply with the Foreign Corrupt Practices Act, which prohibits the making or offering of any payment to any foreign official to induce that official to affect any governmental act or decision or to assist the Company in obtaining or retaining business. No MSC associate anywhere in the world may make a bribe, payment or gift to any governmental official whether or not there is an intent to influence.

It is also important that all Company managers adhere to and assure that those who report to them adhere to the strict Company policy against bribery and improper payments.

- **Quality and Productivity**

Quality means excellence. Excellence in the way we provide value to our Customers; excellence in how we communicate with each other; excellence in keeping promises we make to our Customers and each other; excellence in everything we do. Quality is every associate's responsibility. We must relentlessly search to find better ways to do everything that we do. We embrace change and continuous improvement; we encourage new ideas; we reward creativity; we welcome challenges; we encourage risks and we learn from our mistakes. We are committed to being the best.

PART 1 – STANDARDS OF BUSINESS ETHICS

- **Regulatory Compliance**

The Company has always conducted and will continue to conduct its business in compliance with all applicable federal, state and local statutes and regulations governing wholesale distribution.

- **Safety and Health**

We are all responsible for maintaining a safe workplace by following safety and health rules and practices. We are expected to maintain safety awareness, act responsibly and employ sound judgment at all times, including immediately reporting accidents, injuries and unsafe equipment/practices or conditions to a manager or other designated person. MSC is committed to maintaining its workplace free from hazards.

- **Environment**

We continually challenge ourselves and others to reach achievements far beyond expectations. In order to do this, we work in a fast-paced, positive and energized environment. We lead by example; drive ownership and accountability throughout the organization. We share common goals, we acknowledge the importance of every associate, we work hard and we celebrate our accomplishments.

- **Antitrust and Unfair Trade Practices**

MSC and our associates are required to comply with the antitrust and unfair competition laws of The United States and the countries where we do business. These laws are complex and vary considerably from country to country. They generally prohibit:

- Agreements with competitors that harm customers, including price fixing and allocations of customers or contracts.
- Agreements that unduly limit a customer's ability to sell a product, including establishing the resale price of a product or service or conditioning the sale of products on an agreement to purchase other MSC products and services.
- Attempts to monopolize, including pricing a product below cost in order to eliminate competition.

Under the Federal Trade Commission Act and various state laws, unfair methods of competition and unfair or deceptive acts or practices are unlawful. The prohibition broadly covers misrepresentation of all sorts that are made in connection with sales, whether orally or in writing, and a number of other types of unfair acts or practices. The range of practices prohibited covers many things the authorities find to be deceptive, unfair or unethical and includes such activities as false or misleading advertising, the use of lotteries in the sale of products, bribery of associates, competitors or customers, unfair disparagement of competitors or customers, unfair disparagement of a competitor's products, and stealing trade secrets or customer lists. This is not an exhaustive list, but is merely intended to indicate the broad reach of these laws.

MSC has a comprehensive policy concerning Antitrust and Unfair Trade Practices that all associates are required to be familiar with and adhere to. (See Part 5)

E. DEALINGS WITH GOVERNMENTS

PART 1 – STANDARDS OF BUSINESS ETHICS

- **Political Contributions in the United States**

Any political contributions are given in accordance with federal, state and local statutes. Therefore, no contributions of Company funds will be permitted in connection with any federal, state or local election. This prohibition includes performance of services or providing anything of value by an associate as part of his or her duties for the Company. Certain expenditures of Company funds in connection with proper lobbying activity are permissible, but only with the written approval of the Chief Executive Officer.

- **Political Activities Outside the United States**

Political activity outside the United States is similarly prohibited. No political contributions using Company funds will be authorized, however, funds may be provided in connection with proper lobbying activities, typically through a trade association. All expenditures of this type require approval of the Chief Executive Officer.

- **Foreign Corrupt Practices Act**

The Foreign Corrupt Practices Act (FCPA) prohibits domestic companies from making payments to any foreign official, political party official or candidate for political office in order to influence a business decision.

MSC is committed to full compliance with the requirements and spirit of the FCPA. While certain payments to foreign officials are not necessarily prohibited by the FCPA, it is often difficult to distinguish between legal payments and illegal bribes under FCPA rules. Therefore, payments, gifts or entertainment, regardless of amount, to foreign governmental officials and personnel to obtain or keep a business relationship with the Company shall not be allowed without prior authorization of the Chief Executive Officer.

- **Procurement and Government Contracts**

State, local and federal agencies have strict rules concerning sales contracts and procurement. All transactions or dealings with such agencies are subject to the Company's Government Procurement Policy.

- **Facilitating or Accommodation Payments**

Facilitating payments are gratuities given to foreign governmental personnel outside the United States to induce such personnel to perform in a timely fashion what are basically routine ministerial or clerical functions, or to provide routine services, to which the Company is clearly entitled under local law. Such payments are permitted if they are limited to customary amounts, are made only to facilitate proper performance of the officials' duties and are properly recorded in the books and records of the Company.

Requests for special billing or payment procedures, which suggest possible violations of law, such as evasion of income tax, currency exchange controls or price or profit controls, are contrary to the Company's policies and are prohibited. Any questions regarding a particular practice should be addressed to the Corporate Compliance Officer.

PART 2 – TRADE SECRETS AND CONFIDENTIAL INFORMATION

It is very important for all associates to safeguard MSC's trade secrets and confidential information. This includes the use and dissemination of confidential or proprietary information obtained from or belonging to MSC and/or previous employers. We are also responsible for safeguarding confidential information of other companies that we gain pursuant to agreements with them.

The protection of confidential and proprietary information and trade secrets is vital to the interest and the success of MSC. Associates may have important information not generally known to the public about MSC or other companies with which MSC is doing business that could cause competitive or legal damage to the Company if improperly disclosed. Associates are required to sign a non-disclosure agreement as a condition of employment. Associates should not, without proper authority, give or release data or information of a confidential nature concerning the Company or its associates to anyone not employed by the Company, or to another associate who has no need for such data or information.

Examples of confidential information include such things as financial data, forecasts, sales figures for individual products, "inside information" (see Part 4, page 16), new product development plans, advertising programs, areas where the Company intends to expand, supplier and customer lists, wage and salary data, capital investment plans, projected earnings, changes in management or policies of the Company, testing data, designs, artwork, concepts, manufacturing processes or procedures, product specifications, research and development, customized software, suppliers' prices to us, or any plans we may have for improving any of our products. A good operating assumption is that if you haven't seen it in a press release it's probably confidential.

Our guidelines for safeguarding the Company's trade secrets and confidential information are as follows:

- Treat confidential information on a "need to know" basis within the Company.
- If you need to disclose our own trade secrets or confidential information to any person outside the Company, it should be done only in conjunction with an appropriate trade secret or confidentiality agreement.
- You should always guard against inadvertent disclosures, which may arise in either social conversations or in normal business relations with our suppliers and customers.

In terms of confidential and proprietary information of other companies:

- MSC occasionally exchanges or receives trade secrets or other confidential information from other companies. These exchanges are only conducted through an exchange of confidentiality agreements between the parties involved. If you have a business need to give or receive confidential information, you are required to complete a confidentiality agreement before disclosure.
- While you should always be alert to our competitive surroundings and obtain as much information as possible about our competitors, you must do so only in accordance with sound and ethical commercial practices. If you are approached with any offer of confidential information, which you believe may have been obtained improperly, you must immediately notify your organization's manager or the Corporate Compliance Officer.
- MSC expects that its associates will respect and abide by confidentiality agreements they may have entered into with prior employers.

PART 2 – TRADE SECRETS AND CONFIDENTIAL INFORMATION

Any associate who improperly uses or discloses trade secrets or confidential business information will be subject to disciplinary action, up to and including termination of employment and legal action, even if the associate does not actually benefit from disclosed information. All requests or inquiries for confidential Company information should be directed to your manager or the Human Resources Department, unless you are duly authorized to speak on behalf of the Company. If you are aware of any violations of the MSC Confidentiality Policy, you should report such activity to a Human Resources Department representative.

PART 3 – GOVERNMENT INVESTIGATIONS

It is unlawful and a violation of MSC policy and this Code, to retaliate against any person for providing truthful information to any law enforcement office relating to the commission of any offense.

It is MSC's policy to fully cooperate with government investigations. A condition of such cooperation, however, is that the Company be represented by its own legal counsel. If you believe that a government investigation or inquiry is imminent, this information should be communicated immediately to the Corporate Compliance Officer.

Appropriate handling of government investigations is very important. Violations of any of the laws regulating the conduct of the Company's business, including antitrust, securities, OSHA, environmental, government procurement, tax and financial laws, can result in both civil and criminal penalties. Criminal penalties may also apply to those individuals within the Company who actually took the actions, which violated the law or failed to take actions, which resulted in a violation of the law.

Therefore, no associate should ever, under any circumstances, do any of the following:

- Destroy any Company documents in anticipation of, or after receiving, a request for those documents from any government agency or court of law;
- Alter any Company documents or records in an attempt to defraud or mislead;
- Lie or make any misleading statements to any governmental investigator; or
- Attempt to get anyone else to engage in these prohibited activities.

PART 4 – TRADING IN COMPANY SECURITIES AND COMPANY POLICY ON INSIDER TRADING

MSC is a public company and is traded on the New York Stock Exchange under the symbol “MSM”. The Securities Exchange Commission (SEC) regulates stock traded on the New York Stock Exchange. The laws governing prohibitions on insider trading, and the Company’s policies prohibiting insider trading, are described in the Company’s separate Insider Trading Policy, which has been distributed to all associates and is available in Public Folders to all associates of the Company.

PART 5 – ANTITRUST AND UNFAIR TRADE PRACTICES

A. INTRODUCTION

Our economic system is based on the belief that competition in the marketplace provides the strongest assurance that the consumer will obtain the best product at the lowest price. Antitrust laws are intended to promote this system by protecting and encouraging vigorous competition. Accordingly, any agreements or actions “in unreasonable restraint of trade”—restrictive practices that are likely on balance to reduce or eliminate competition – should be avoided.

B. GUIDELINES FOR COMPLIANCE

Most antitrust violations are the result of an “agreement” with a competitor, customer, supplier or other person. The form of the agreement is immaterial. Oral statements, handshakes, “side letters”, “gentlemen’s agreements”, body language and other kinds of conduct from which agreements may be implied may be considered violations. The important point is that an antitrust violation does not require a formal, written agreement. The following guidelines are intended to help us minimize the risk of antitrust violations and the appearance of impropriety.

Agreements with Competitors

Certain agreements with competitors are per se violations of U.S. federal antitrust law. That means they are unlawful, regardless of the surrounding facts or circumstances. Per se violations are often prosecuted criminally by the U.S. Department of Justice. In such situations, both the Company and the associates may be prosecuted. In light of this risk, there should be no communications or agreements with competitors without the prior approval of the President and Chief Executive Officer of the Company. In furtherance of this policy, no associate should discuss or enter into:

- Any agreement with a competitor on prices, bids, discounts, profit margins or promotional terms—whether to fix prices or to fix terms and conditions of sale or otherwise to affect prices or terms and conditions of sale;¹
- Any agreement with a competitor to limit or restrict production of goods for the purpose of limiting supply and keeping prices high;
- Any agreement with a competitor limiting competition on the basis of product quality;
- Any agreement with a competitor, customer or supplier to “blacklist” or otherwise refuse to deal with a supplier, customer or other third party;
- Any agreement not to bid on a given contract opportunity or provide a quote to a particular customer or potential customer; or
- Any agreement with a competitor to divide markets through allocation of sales territories, product lines, or classes of customers or suppliers.

¹ The only exception to this policy is when the Company sells to or purchases from a competitor. In such situations, it is permissible to discuss or agree upon prices charged to or by the Company relating to transactions with that competitor. However, it should be clearly understood that unless there are exceptional circumstances that have been cleared with corporate counsel, you are prohibited to discuss or agree upon prices or any other terms or conditions of sale outside of these limited circumstances.

PART 5 – ANTITRUST AND UNFAIR TRADE PRACTICES

Customer Relations

Agreements with customers may also create antitrust exposure. Agreements with customers concerning the prices at which they resell the Company's product or services present serious antitrust risk and must be avoided. Other agreements with customers that concern the resale of the Company's products or services, but which do not address resale prices, will generally be lawful. However, they will raise antitrust issues that will need to be addressed on a case-by-case basis. These agreements should be reviewed by the Executive Vice President of Sales before they are entered into. Accordingly, no associate shall, without the approval of the Executive Vice President of Sales, enter into:

- Any agreement with a customer to fix or affect the customer's resale pricing, or otherwise to fix or affect terms and conditions of resale;
- Any Cooperative Advertising Plan or Minimum Advertised Price Plan;
- Any agreement restricting a customer's sales territory or right to resell to a particular class of customers;
- Any "exclusive" arrangement or other agreement with a customer barring the customer from purchasing or dealing in a competitor's products;
- Any agreement with a customer that "ties" or conditions the sale of one product on the customer's agreement to purchase another product as well;
- Any agreement with a customer that requires the customer to purchase a full line of products in order to be entitled to purchase an individual product within the line; or
- Any agreement or transaction with a customer based on the principle of "reciprocity"—"I will buy from you if you buy from me."

In addition, the Executive Vice President of Sales should be consulted before the Company refuses to sell to any customer or prospective customer other than for valid credit reasons, since refusals to sell frequently lead to antitrust litigation. Usual credit sources may be consulted in reaching an independent decision to deal with a customer or supplier.

Price Discrimination and Cooperative Advertising

As a general rule, a seller may not charge competing customers different prices, or provide different discounts or terms of sale for the same good. This general rule against "price discrimination" is included in the Robinson-Patman Act, one of the federal antitrust laws. The Robinson-Patman Act prohibits price discrimination in the sale of identical goods to customers who compete against each other or who purchase from the Company's competitors. This prohibition against price discrimination extends to cooperative advertising programs offered to customers who resell the Company's products. It also bars a buyer from knowingly inducing or receiving discriminatory prices or terms of sale from a supplier. It is important to remember that the Robinson-Patman Act does not bar price discrimination in the sale of the Company's services. It is limited to the sale of tangible products.

The Robinson-Patman Act is exceptionally complex and generally requires the advice of antitrust counsel when price discrimination issues arise. Thus, any Robinson-Patman question that comes to your attention should be brought to the attention of the Executive Vice President of Sales. This includes offers or programs made available to the Company's customers under its Cooperative Advertising Plan.

One defense under the Robinson-Patman Act—the "meeting competition" defense—is mentioned here because it is generally known to sales and marketing professionals and is the subject of some misunderstanding. Under that defense, a seller is permitted to "meet but not

PART 5 – ANTITRUST AND UNFAIR TRADE PRACTICES

beat” the lower price offered to the customer by a competitor. In order to take advantage of the meeting competition defense, you must have a good faith belief that the competitor has in fact offered the lower price to that particular customer. The Company will provide the Sales Department with separate procedures for verifying prices in “meeting competition” situations. However, associates are forbidden from communicating with competing sellers to verify whether they have in fact offered lower prices to the customer in question.

Trade Association Activities

Trade Association meetings, when properly conducted, are perfectly legal. These meetings, however, provide opportunities for informal gatherings of competitors and can be a spawning ground for anti-competitive activities. They are also frequently investigated by the Department of Justice. Accordingly, no associate shall attend or participate in any trade association activities without the prior approval of the Executive Vice President of Sales or Senior Vice President of Product Management and Marketing. If you are present at a trade association event (or any other situation where competitors are present) and a discussion begins to stray into a prohibited area, (such as pricing, contract bidding or customers) you should immediately object to the discussion and insist that it be terminated immediately. If the discussion continues, you should restate your objection, state that your Company’s antitrust compliance policy bars you from participating in the discussion and that you are leaving the room. You should immediately leave the room. Any incident involving the discussion of competitively sensitive topics at a trade association meeting (or any other meeting of competitors) should be reported to the Executive Vice President of Sales or Senior Vice President of Product Management and Marketing.

A trade association may legitimately conduct programs by which information about past average industry prices is compiled and disseminated to its membership. An association may also compile and publish various other kinds of industry statistics. In any case where statistical reporting programs of this kind are undertaken for the first time or where the association is modifying an existing program, the Company’s submission of information to be used in the program must be reviewed and approved in advance by the Executive Vice President of Sales or Senior Vice President of Product Management and Marketing.

In certain cases, trade associations may legitimately undertake the publication of product standards, certification of products, industrial joint research programs, publication of codes of ethics or advertising codes, credit information service, special lobbying programs, sponsorship of discussions of labor relations practices, or similar activities. In any such case, the Company’s participation in the program must be reviewed and approved in advance by the Executive Vice President of Sales or Senior Vice President of Product Management and Marketing.

Joint Ventures

The courts and antitrust enforcement agencies recognize that joint ventures may benefit consumers by promoting the development of new products, efficiencies and other pro-competitive benefits. Still, depending on the circumstances, joint ventures between competitors may violate the antitrust laws. Moreover, discussions with competitors about the possibility of forming a joint venture or strategic alliance may result in the exchange of competitively sensitive data or create the appearance of inappropriate conduct. Accordingly, joint ventures and strategic alliances should not be discussed or proposed with competitors without the prior review and approval of the President and Chief Executive Officer of the Company.

Mergers and Acquisitions

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PART 5 – ANTITRUST AND UNFAIR TRADE PRACTICES

Mergers and acquisitions are quite complex and may raise antitrust concerns, especially when they involve competitors. Like joint venture discussions, the exchange of information with competitors about a possible merger can be competitively sensitive. Accordingly, no Company associate is authorized to discuss a potential merger or acquisition or to prepare written reports on a potential transaction without the prior review and approval of the President and Chief Executive Officer of the Company.

Information Exchanges

The exchange of price or other non-public, competitively sensitive information may contribute to a finding of unlawful price fixing or market allocation. For this reason, Company policy forbids discussion or communication by the Company's associates with a competitor concerning past, present or future sales prices, pricing policies, bids, discounts, promotions, terms or conditions of sale, sales volume, customers, territorial markets, costs, inventories, product plans, market surveys or production. Company policy also prohibits the provision to or receipt from a competitor of price lists or strategic plans, unless the President and Chief Executive Officer of the Company determines that such an exchange is appropriate. The only exception to the above rule arises where a competitor is also a customer or supplier, in which case price information related to the transactions between the Company and the customer or supplier may be communicated. Finally, as a general rule, no Company associate should take part in a meeting or conversation with competitors outside the scope of legitimate trade association, joint venture, merger, acquisition, purchase or sale activities, where those discussions have not previously been authorized by the President and Chief Executive Officer of the Company.

Brokerage

Brokerage fees shall not be paid directly or indirectly to a customer or a customer's agent or representative on purchases for his own account. All agreements appointing brokers must contain an expressed provision prohibiting the broker from passing on any part of its commission to a customer or to a broker or representative of the customer (for example, a buying group).

Unfair Trade Practices

State and federal laws prohibit certain deceptive trade practices. The following guidelines will minimize the risk of violations:

- Misrepresentation and Unsubstantiated Claims: No associate shall make material misrepresentations in connection with the sales of Company products. All claims must be capable of substantiation at the time they are made public.
- False and Misleading Merchandising Program – Disparagement: No associate shall falsely disparage a competitor's product. Even if true, such statements could involve the Company in expensive lawsuits.
- Threatening Lawsuits or Other Threats: No associate shall issue threats of any kind, including threats to bring patent infringement or other suits, against a competitor. Such threats directed against a customer, a supplier or competitor's customer or supplier also should be avoided.

PART 5 – ANTITRUST AND UNFAIR TRADE PRACTICES

- Procurement of Confidential Information: Certain methods of obtaining a competitor's confidential information are unlawful. Any attempt or fortuitous opportunity to obtain such information should be reported to your manager or the Corporate Compliance Officer.

C. REPORTING

Associates must report any suspected violations of this policy statement to your departmental vice president or the Corporate Compliance Officer. Associates who wish to remain anonymous may submit reports in confidence. All reports must contain sufficient information for the Corporate Compliance Officer to investigate the concerns raised. No adverse action or retribution of any kind will be taken by the Company against an associate who reports in good faith a suspected violation of this policy statement by any other person. The Company will attempt to treat such reports confidentially and to protect the identity of the reporting associate to the maximum extent possible, consistently with fair and rigorous enforcement of this policy statement. Self-reporting by associates who believe they may have violated this policy statement will be considered as a mitigating factor in determining the appropriate disciplinary action. Upon receipt of reports of suspected violations of this policy statement, the Corporate Compliance Officer shall immediately begin a detailed investigation and take corrective action where appropriate.

D. CONSEQUENCES OF NON-COMPLIANCE

Associates who fail to comply with the antitrust laws can jeopardize the reputation and business interests of the Company, as well as their own careers. Antitrust violations carry stiff criminal and civil penalties, including fines for corporations and fines and jail terms for individuals. The consequences of noncompliance with this policy statement include:

- **Criminal Prosecution—Fines and Imprisonment**

The criminal penalties for violating the antitrust laws are severe, and the present enforcement trend is to prosecute not only the company involved but also the associates personally. A violation of the Sherman Act, for example, is a felony for which a company can be fined up to \$10,000,000 for each offense.

- **Treble Damage Judgments**

The antitrust laws also provide for civil penalties. Persons or businesses injured by violations of the antitrust laws may recover three times the amount of their damages, plus litigation costs. The potentially enormous size of these judgments can seriously jeopardize a company's profitability or even solvency.

- **Injunctions**

The government and injured persons or businesses may also obtain injunctions against further antitrust violations. The breadth of these injunctions can severely handicap this Company's ability to compete.

PART 5 – ANTITRUST AND UNFAIR TRADE PRACTICES

- **Disciplinary Action**

Any associate who violates the policies in this policy statement commits an act that can seriously impair the Company's resources and reputation. Therefore, it is the Company's policy to impose appropriate disciplinary action for such violations, ranging from warnings and reprimands to termination of employment. In addition, managers may be disciplined for failure to adequately instruct their subordinates or for failure to detect non-compliance with applicable policies and legal requirements, where reasonable diligence on the part of the manager would have led to the discovery of such non-compliance or violations and provided the Company with the opportunity to take timely corrective action.

- **Attorney's Advice**

Due to the complex nature of Antitrust and Unfair Trade Practices laws, the President and Chief Executive Officer, the Executive Vice President of Sales, Senior Vice President of Product Management and Marketing and the Corporate Compliance Officer shall make a determination in each situation whether to seek the advice of counsel in accordance with their area(s) of responsibility.

PART 6 – EQUAL EMPLOYMENT OPPORTUNITY POLICY AND INTERNAL COMPLAINT PROCEDURE

A. EQUAL EMPLOYMENT OPPORTUNITY POLICY

At MSC, the role of each member within the organization is important and your sense of well being is crucial to our success. We are concerned about all of our associates and provide equal employment opportunities in all employment-related matters, including hiring, training, promotion, compensation, benefits, transfers and other personnel actions, without regard to any of the following, including race, creed, citizenship, religion, color, sex, national origin, age, disability, sexual orientation, marital status, and veteran status (hereinafter called “Protected Characteristics”), which are protected by federal, state or local law.

- **Employment Discrimination**

MSC is committed to maintaining a workplace free of discrimination on the basis of any Protected Characteristic and will take appropriate measures to prevent and/or stop it. Employment discrimination occurs when an associate is adversely affected with respect to any term or condition of employment (including hiring, compensation, advancement, discipline, or termination) because of a Protected Characteristic. Any associate who is aware of any conduct that may violate this policy should promptly report the conduct using the Internal Complaint Procedure.

- **Sexual and Discriminatory Harassment**

In addition to our Equal Opportunity Policy, we do not tolerate harassment of, or by, any of our associates, applicants, suppliers, competitors or customers. Any form of harassment related to an individual’s Protected Characteristics is a violation of this policy and will be treated as a disciplinary matter. For these purposes, the term harassment includes but is not necessarily limited to slurs, jokes, other verbal, graphic, or physical conduct relating to an individual’s Protected Characteristics.

Harassment also includes sexual advances, requests for sexual favors and other verbal, graphic or physical conduct of a sexual nature. Violation of this policy by an associate shall subject that associate to disciplinary action, up to and including immediate termination. If you feel that you are being harassed by another associate, or you witness harassment in the workplace, you should at once make your feelings known to your immediate manager. If you do not feel that the matter can be discussed with your manager, arrange for a meeting with Human Resources. Harassment of our associates in connection with their work by non-associates may also be a violation of this policy. Any associate who becomes aware of any harassment of an associate by a non-associate should report such harassment to his or her manager. Appropriate action will be taken against any non-associate who violates this policy. No one will be retaliated against for making a report, in good faith, under this policy.

It is the goal of MSC to promote a workplace that is free of sexual harassment. Sexual harassment of associates occurring in the workplace or in other settings in which associates may find themselves in connection with their employment is unlawful and will not be tolerated by this organization. Further, any retaliation against an individual who has complained about sexual harassment or retaliation against individuals for cooperating with an investigation of a sexual harassment complaint is similarly unlawful and will not be tolerated. To achieve our goal of providing a workplace free from sexual harassment, the conduct that is prohibited by this policy will not be tolerated and we have described below our procedure for dealing with such inappropriate conduct.

PART 6 – EQUAL EMPLOYMENT OPPORTUNITY POLICY AND INTERNAL COMPLAINT PROCEDURE

Because MSC takes allegations of sexual harassment seriously, any complaint will be promptly addressed and where it is determined that such inappropriate conduct has occurred, we will act promptly to eliminate the conduct and impose such corrective action as is necessary, including disciplinary action up to and including termination.

Please note that while this policy sets forth MSC's goals of promoting a workplace that is free of sexual harassment, the policy is not designed or intended to limit our authority to discipline or take remedial action for workplace conduct that is deemed unacceptable, regardless of whether that conduct satisfies the definition of sexual harassment. At MSC, conduct that disturbs, offends or interferes with someone's working conditions, regardless of whether it is intentional, is prohibited.

Definition of Sexual Harassment

The legal definition of sexual harassment is this: "Sexual harassment" means sexual advances, requests for sexual favors, and verbal or physical conduct of a sexual nature when:

- Submission to or rejection of such advances, requests or conduct is made either explicitly or implicitly a term or condition of employment or as a basis for employment decisions; or
- Such advances, requests or conduct have the purpose or effect of unreasonably interfering with an individual's work performance by creating an intimidating, hostile, humiliating or sexually offensive work environment.

Under these definitions, direct or implied requests by a manager for sexual favors in exchange for actual or promised job benefits such as favorable reviews, salary increases, promotions, increased benefits, or continued employment, constitutes sexual harassment.

PART 6 – EQUAL EMPLOYMENT OPPORTUNITY POLICY AND INTERNAL COMPLAINT PROCEDURE

The legal definition of sexual harassment is broad and in addition to the above examples, other sexually oriented conduct, whether it is intended or not, that is unwelcome and has the effect of creating a workplace environment that is hostile, offensive, intimidating or humiliating to male or female workers may also constitute sexual harassment.

While it is not possible to list all those additional circumstances that may constitute sexual harassment, the following are some examples of conduct, which if unwelcome, may constitute sexual harassment depending upon the totality of the circumstances including the severity of the conduct and its pervasiveness:

- Unwelcome sexual advances – whether they involve physical touching or not;
- Sexual epithets, jokes, written or oral references to sexual conduct, gossip regarding one's sex life; comments on an individual's body, comments about an individual's sexual activity, deficiencies, or prowess;
- Displaying sexually suggestive objects, pictures, cartoons, calendars, articles, letters, e-mail messages, computer programs or Internet sites;
- Unwelcome leering, whistling, brushing against the body, sexual gestures, suggestive or insulting comments;
- Inquiries into one's sexual experiences; or
- Discussion of one's sexual activities.

Definition of Discriminatory Harassment

Discriminatory harassment is broadly defined as any conduct, whether verbal or physical, that denigrates, insults, or offends a person or group as the basis of a Protected Characteristic where: (1) submission to such conduct is made as an explicit or implicit term or condition of employment; (2) submission to or rejection of such conduct is used as a basis for any employment decision; or (3) such conduct has the purpose or effect of interfering with an associate's work performance or creating an intimidating, offensive or hostile working environment. Discriminatory harassment in violation of this policy includes but is not limited to:

- Comments or jokes that denigrate, insult, offend or ridicule based on a Protected Characteristic;
- Creating a hostile work environment or otherwise singling out an individual for abusive conduct based on that individual's Protected Characteristic; or
- Using, displaying or communicating words, objects, pictures, calendars, cartoons, articles, letters, e-mail messages, computer programs or Internet sites that denigrate, insult, offend or ridicule based on a Protected Characteristic.

PART 6 – EQUAL EMPLOYMENT OPPORTUNITY POLICY AND INTERNAL COMPLAINT PROCEDURE

Retaliation

MSC will not tolerate retaliation against any associate who seeks to enforce his or her right to work in an environment free of unlawful discrimination or harassment or who makes a good faith report under the Internal Complaint Procedure. Any associate who is aware of any conduct that may violate this policy should promptly report the conduct using the Internal Complaint Procedure.

Retaliation includes the following prohibited acts:

- Taking or threatening to take adverse action against an associate because he or she has made a good faith report or complaint about discrimination, sexual harassment, discriminatory harassment or retaliation; because he or she has participated or assisted in an investigation of an alleged violation of this policy, or because he or she has otherwise sought to enforce his or her rights under any employment law; or
- Threatening to take adverse action against an associate unless he or she agrees not to make a report about discrimination, sexual harassment, discriminatory harassment or retaliation, participate in an investigation of an alleged violation of this policy, or conceal the truth in such an investigation.

Reasonable Accommodation

MSC is committed to providing reasonable accommodation to enable qualified associates with disabilities to perform the essential functions of their jobs. Depending on the circumstances, reasonable accommodation may include modifying the work environment, making facilities accessible, restructuring a job, adjusting work schedules, granting leave, or other measures.

MSC is also committed to providing reasonable accommodation of an associate's sincere religious observances and beliefs that conflict with normal job requirements.

Any associate who believes he or she needs accommodation based on disability or religion is responsible for bringing the matter to the attention of the Human Resources Department. In the case of disability, the associate may be required to provide medical documentation establishing the existence of a disability, any job-related restrictions, and the estimated length of time for which accommodation is needed. The Company will keep all medical information confidential to the greatest extent practicable.

Any associate who believes he or she has been denied reasonable accommodation should promptly notify management pursuant to the Internal Complaint Procedure.

PART 6 – EQUAL EMPLOYMENT OPPORTUNITY POLICY AND INTERNAL COMPLAINT PROCEDURE

B. INTERNAL COMPLAINT PROCEDURE

If any associate believes he or she has been subjected to sexual or discriminatory harassment, the associate has the right to file a complaint. This may be done in writing or verbally.

If you would like to file a complaint, you may do so by contacting a Human Resources representative. A Human Resources representative is also available to discuss any concerns you may have and to provide information to you about our policy on sexual harassment and our complaint process. We have both male and female representatives of the Company who are available to talk with associates. For associates who work at facilities where there is not a full time Human Resources representative on site, we have a toll free Human Resources telephone number that may be called between the hours of 8:30 a.m. and 5:30 p.m. (EST) (1-888-552-7752). Any associate who has made a complaint and has not received a response within five business days may contact the Senior Vice President of Human Resources who will assure prompt resolution.

When the complaint is received, the allegation will be promptly investigated in a fair and expeditious manner. The investigation will be conducted in such a way as to maintain confidentiality to the extent practical under the circumstances. The investigation will include a private interview with the person filing the complaint. In addition, the person alleged to have committed the sexual or discriminatory harassment would also be interviewed. While maintaining, to the extent practical, the confidentiality of the parties involved, the investigation may include other associates.

If it is determined that inappropriate conduct has occurred, Human Resources and Management will act promptly to eliminate the offending conduct and where appropriate, will also impose appropriate disciplinary action. Such action may range from counseling to termination of employment.

(Refer to “Appendix B – State Exceptions” Sexual Harassment Policy in the Associate Handbook, page 135)

APPENDIX A

Listed below are examples of unethical and/or prohibited behaviors and activities for your reference. It should be noted that the list does not cover all situations and Associates should refer to the Code of Business Conduct and exercise good judgment in performing their jobs.

Part 1- Standard of Business Ethics

Unlawful and Unethical Behavior

1. Concealing unethical and/or prohibited behavior and activities.
2. Cheating on timesheet (i.e., hours worked, including overtime).
3. Cheating on one's expense report.
4. Approving mileage for an associate who has a Company car or receives a car allowance.
5. Submitting alcohol related charges of a personal nature on expense reports for reimbursement.
6. Submitting false receipts for expense reimbursement.
7. Using alcohol or illegal drugs on Company time or property.
8. Submitting false medical claims for reimbursement.
9. Engaging in unlawful business activities.
10. Making false entries that intentionally hide the true nature of a business transaction.
11. Destroying Company records to cover up unethical or prohibited behavior and activities.
12. Falsifying, misstating, altering and /or distorting Company data, books and /or records.
13. Offering bribes and/or kickbacks to obtain business for the Company.

Conflicts of Interest

14. Accepting bribes or kickbacks in return for awarding work.
15. Using the associate purchase account to purchase items for purposes other than personal use.
16. Using the associate purchase discount program to make purchases at a discounted price for customers.
17. Having a personal business relationship with a competitor, customer or vendor that presents a conflict of interest for the Company.
18. Accepting gifts of more than token value from contractors and suppliers.
19. Accepting holiday gifts of more than token value.
20. Taking part in any situation in which an associate's personal interest conflicts with those of the Company without a manager's approval.
21. Failing to report conflict of interest to your manager.

Business Practices

22. Circumventing (work around) the Company's policies and procedures.
23. Knowingly set up accounts for, or the extension of credit to, customers whose financial history has not been appropriately researched, reviewed and approved.
24. Abusing or wasting Company assets.

APPENDIX A

Part 2- Trade Secrets and Confidential Information

25. Responding to inquiries for Company information from the media without the approval of the Vice President of Finance.

Part 4- Trading in Company Securities and Company Policy on Insider Trading

26. Sharing confidential Company information with anyone, including family members and friends.
27. Profiting from the sale of Company stock based on insider (non-public) information.

Part 6- Equal Employment Opportunity and Internal Complaint Procedure

Equal Employment Opportunity Policy

28. Making disparaging remarks about an associate's ability due to their being "too old".
29. Making remarks suggesting that job performance varies based on an associate's gender.
30. Making adverse employment decisions based on an associate's race or religion.
31. Retaliating or reprimanding an associate for reporting unethical or prohibited behaviors and activities.

ACKNOWLEDGEMENT FORM

I have carefully read the booklet entitled, "Code of Business Conduct" (the Code), dated March 12, 2008, and agree to comply with it.

I realize that failure to observe and comply with all the Code's provisions will subject me to disciplinary action, up to and including termination.

I understand that this Code is not a contract of employment and that my compliance with it does not confer any right to continue in the service of the Company, or in any way affect my right to terminate employment with the Company.

Associate Name (Print)

Associate Signature

Date

Manager or MSC Representative

Date

PLEASE SUBMIT THIS ACKNOWLEDGEMENT FORM TO HUMAN RESOURCES TO BE PLACED IN THE ASSOCIATE'S PERSONNEL FILE.