

**Incremental Gross Margin (Excluding Freight and Delivery Revenues)****Quarter Ended September 30, 2016 Compared With Quarter Ended September 30, 2015***(dollars in millions)*

Incremental consolidated gross margin (excluding freight and delivery revenues) is a non-GAAP measure. The Company presents this metric to enhance analysts' and investors' understanding of the impact of increased net sales on profitability. Due to the significant amount of fixed costs, gross margin (excluding freight and delivery revenues) typically increases at a disproportionate rate in periods of increased shipments. The following shows the calculation of incremental consolidated gross margin (excluding freight and delivery revenues) for the quarter ended September 30, 2016:

Consolidated net sales for the quarter ended September 30, 2016	\$ 1,038.3
Consolidated net sales for the quarter ended September 30, 2015	<u>1,005.2</u>
Incremental net sales	<u><u>\$ 33.1</u></u>
Consolidated gross profit for the quarter ended September 30, 2016	\$ 292.6
Consolidated gross profit for the quarter ended September 30, 2015	<u>262.5</u>
Incremental gross profit	<u><u>\$ 30.1</u></u>
Incremental consolidated gross margin (excluding freight and delivery revenues) for the quarter ended September 30, 2016	<u><u>91%</u></u>