UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 2, 2016

MRC GLOBAL INC.
(Exact name of registrant as specified in its charter)

Delaware	**001-35479**	**20-5956993**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

Fulbright Tower, 1301 McKinney Street, Suite 2300
Houston, Texas 77010
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: (877) 294-7574

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 **Results of Operations and Financial Condition**

On August 2, 2016, MRC Global Inc. ("MRC Global" or the "Company") issued a press release announcing its financial results for the three and six months ended June 30, 2016. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 7.01 **Regulation FD Disclosure.**

MRC Global expects the following results with respect to the operations and performance of the Company for the 2016 fiscal year:

- The Company expects 2016 revenue to be 25-30% lower than 2015, excluding 2015 OCTG revenue, or between $2.95 billion and $3.16 billion. In 2015, the Company had $311 million in OCTG revenue, but sold this product line in the first quarter of 2016.

- The Company expects revenue in the upstream sector to be down 35-40% (excluding 2015 OCTG revenue), revenue in the midstream sector to be down 23-28% and revenue in the downstream sector to be down 20-25%, in each case, for the full year 2016 as compared to 2015.

- Given MRC Global's current mix of products and projects, the Company expects a gross profit percentage in the mid to high 16% range and an Adjusted Gross Profit percentage in the mid to high 18% range for 2016. Adjusted Gross Profit percentage is a non-GAAP measure that is not necessarily better than gross profit percentage. The Company defines Adjusted Gross Profit as sales, less cost of sales, plus depreciation and amortization, plus amortization of intangibles, and plus or minus the impact of its LIFO inventory costing methodology. The Company presents Adjusted Gross Profit because the Company believes it is a useful indicator of the Company's operating performance without regard to items, such as amortization of intangibles, that can vary substantially from company to company depending upon the nature and extent of acquisitions of which they have been involved. Similarly, the impact of the last-in, first-out ("LIFO") inventory costing method can cause results to vary substantially from company to company depending upon whether they elect to utilize LIFO and depending upon which method they may elect. The Company uses Adjusted Gross Profit as a key performance indicator in managing its business. The Company believes that gross profit is the financial measure calculated and presented in accordance with U.S. generally accepted accounting principles that is most directly comparable to Adjusted Gross Profit.

The following table reconciles Adjusted Gross Profit and Adjusted Gross Profit percentage (non-GAAP measures) to gross profit and gross profit percentage (GAAP measures):

	Expected for the Year Ended 2016	Percentage of Expected Revenue*
Gross profit	$ 511	16.7%
Depreciation and amortization	22	0.7%
Amortization of intangibles	46	1.5%
Decrease in LIFO reserve	(8)	(0.3%)
Adjusted Gross Profit	$ 571	18.7%

*Percentages do not foot due to rounding. Percentages are based on the midpoint of revenue guidance provided above.

- The Company expects to record a benefit of $8 million from its LIFO inventory costing methodology for 2016.
- The Company expects to have selling, general and administrative expense of $126 million to $128 million in each of the third and fourth quarters of 2016, excluding any severance and restructuring expense the Company may incur in those quarters.
- The Company expects to generate cash from operations in excess of $200 million in 2016.
- The Company expects to have an effective tax rate of 22% for the full year of 2016.
- The Company expects its total capital expenditures for 2016 to be approximately $35 – $40 million.
- MRC Global is beginning another phase of its enterprise resource planning ("ERP") implementation project by adding the remaining regions in the Company's International segment to the software platform that the Company implemented in its Asia Pacific sub-region. MRC Global expects this phase will be completed in 2017.

The above information, as well as information contained in Exhibit 99.1 referenced under Item 9.01 below, contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Words such as "will," "expect," "expects," "expected", "looking forward", "guidance" and similar expressions are intended to identify forward-looking statements.

Statements about the company's business, including its strategy, the impact of changes in oil prices and customer spending, its industry, the company's future profitability, the company's guidance on its sales, Adjusted EBITDA, gross profit, gross profit percentage, Adjusted Gross Profit and Adjusted Gross Profit percentage, tax rate, capital expenditures and cash from operations, the company's expectations regarding the pay down of its debt, growth in the company's various markets and the company's expectations, beliefs, plans, strategies, objectives, prospects and assumptions are not guarantees of future performance. These statements are based on management's expectations that involve a number of business risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, most of which are difficult to predict and many of which are beyond our control, including the factors described in the company's SEC filings that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements.

These risks and uncertainties include (among others) decreases in oil and natural gas prices; decreases in oil and natural gas industry expenditure levels, which may result from decreased oil and natural gas prices or other factors;

increased usage of alternative fuels, which may negatively affect oil and natural gas industry expenditure levels; U.S. and international general economic conditions; the company's ability to complete successfully with other companies in MRC Global's industry; the risk that manufacturers of the products the company distributes will sell a substantial amount of goods directly to end users in the industry sectors the company serves; unexpected supply shortages; cost increases by the company's suppliers; the company's lack of long-term contracts with most of its suppliers; suppliers' price reductions of products that the company sells, which could cause the value of the company's inventory to decline; decreases in steel prices, which could significantly lower MRC Global's profit; increases in steel prices, which the company may be unable to pass along to its customers which could significantly lower its profit; the company's lack of long-term contracts with many of its customers and the company's lack of contracts with customers that require minimum purchase volumes; changes in the company's customer and product mix; risks related to the company's customers' creditworthiness; the success of the company's acquisition strategies; the potential adverse effects associated with integrating acquisitions into the company's business and whether these acquisitions will yield their intended benefits; the company's significant indebtedness; the dependence on the company's subsidiaries for cash to meet its debt obligations; changes in the company's credit profile; a decline in demand for certain of the products the company distributes if import restrictions on these products are lifted; environmental, health and safety laws and regulations and the interpretation or implementation thereof; the sufficiency of the company's insurance policies to cover losses, including liabilities arising from litigation; product liability claims against the company; pending or future asbestos-related claims against the company; the potential loss of key personnel; interruption in the proper functioning of the company's information systems and the occurrence of cyber security incidents; loss of third-party transportation providers; potential inability to obtain necessary capital; risks related to adverse weather events or natural disasters; impairment of our goodwill or other intangible assets; adverse changes in political or economic conditions in the countries in which the company operates; exposure to U.S. and international laws and regulations, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act and other economic sanction programs; risks associated with international stability and geopolitical developments; risks relating to ongoing evaluations of internal controls required by Section 404 of the Sarbanes-Oxley Act; the impact on us of changes in generally accepted accounting principles or tax laws or adverse positions taken by taxing authorities in the countries in which the company operates; and compliance with and changes in laws and regulations in the countries in which we operate.

For a discussion of key risk factors, please see the risk factors disclosed in the company's SEC filings, which are available on the SEC's website at www.sec.gov and on the company's website, www.mrcglobal.com. Our filings and other important information are also available on the Investor Relations page of our website at www.mrcglobal.com.

Undue reliance should not be placed on the company's forward-looking statements. Although forward-looking statements reflect the company's good faith beliefs, reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause the company's actual results, performance or achievements or future events to differ materially from anticipated future results, performance or achievements or future events expressed or implied by such forward-looking statements. The company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except to the extent required by law.

The information referenced under Item 7.01 (including Exhibit 99.1 referenced under Item 9.01 below) of this Current Report on Form 8-K is being "furnished" under "Item 7.01. Regulation FD Disclosure" and, as such, shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information set forth in this Current Report on Form 8-K (including Exhibit 99.1 referenced under Item 9.01 below) shall not be incorporated by reference into any registration statement, report or other document filed by MRC Global pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits.*

99.1 Press release of MRC Global Inc. dated August 2, 2016

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 2, 2016

MRC GLOBAL INC.

By: /s/ James E. Braun
James E. Braun
Executive Vice President and Chief Financial Officer

INDEX TO EXHIBITS

Exhibit No.	Description
99.1	Press release dated August 2, 2016

MRC Global Announces Second Quarter 2016 Results

Sales of $746 million
Net loss attributable to common stockholders of $(23) million
Cash flow from operations of $90 million
Adjusted EBITDA of $15 million

Houston, TX – August 2, 2016 – MRC Global Inc. (NYSE: MRC), the largest global distributor, based on sales, of pipe, valves and fittings and related products and services to the energy industry, today announced second quarter 2016 results.

The company's sales were $746 million for the second quarter of 2016, which were 38% lower than the second quarter of 2015 and 5% lower than the first quarter of 2016. As compared to last year, reduced customer activity across all segments and sectors drove the decline as a result of lower oil and natural gas prices.

Net loss attributable to common stockholders for the second quarter of 2016 was $(23) million, or $(0.24) per diluted share, compared to net income attributable to common stockholders of $15 million, or $0.15 per diluted share for the second quarter of 2015. The second quarter 2016 and 2015 results include severance and restructuring after-tax charges of $3 million ($0.03 per diluted share) and $6 million ($0.06 per diluted share), respectively.

Andrew R. Lane, MRC Global's president and chief executive officer stated, "Revenue was in line with our expectations this quarter. Looking forward, we do not expect a significant change in activity until customers increase capital spending. In the second quarter, the business generated $90 million in cash from operations for a total of $148 million in cash from operations generated so far this year. We also made progress under our stock repurchase program buying $33 million in stock during the second quarter bringing us to a total of $83 million of shares bought back since we announced the authorization in November 2015. We remain focused on executing our strategy to retain and win customers, strengthen the balance sheet, manage operating costs and optimize working capital. MRC Global is well positioned regardless of market conditions."

MRC Global's second quarter 2016 gross profit was $125 million, or 16.8% of sales, a decrease from second quarter 2015 gross profit of $206 million, or 17.2% of sales. Gross profit for the second quarter 2016 and 2015 reflects a benefit of $1 million and $15 million, respectively, in cost of sales relating to the use of the last-in, first out ("LIFO") method of inventory cost accounting.

Selling, general and administrative ("SG&A") expenses were $135 million, or 18.1% of sales, for the second quarter of 2016 compared to $159 million, or 13.3% of sales, for the same period of 2015. SG&A expenses for the second quarter of 2016 and 2015 include $4 million and $7 million of severance and restructuring charges, respectively.

Adjusted EBITDA was $15 million in the second quarter of 2016 compared to $63 million for the same period in 2015. Please refer to the reconciliation of adjusted EBITDA (a non-GAAP measure) to net (loss) income (a GAAP measure) in this release.

The effective tax rate in the second quarter of 2016 was 11% as a result of a lower expected effective tax rate for the full year of 22% due to lower than previously forecasted pre-tax income across all segments and a change in the geographic mix of pre-tax income and losses. The change in the expected tax rate had a negative impact of $0.06 per diluted share in the second quarter of 2016.

Sales by Segment

U.S. sales in the second quarter of 2016 were $551 million, down $405 million, or 42%, from the same quarter in 2015. The decrease reflects a $196 million, or 66%, decrease in the upstream sector (which includes a $78 million impact from the sale of our U.S. oil country tubular goods (“OCTG”) product line), a $129 million, or 32%, decrease in the midstream sector and an $80 million, or 31%, decrease in the downstream sector.

Canadian sales in the second quarter of 2016 were $54 million, down $24 million, or 31%, from the same quarter in 2015. Approximately $3 million of the total decline was a result of a weaker Canadian dollar relative to the U.S. dollar.

International sales in the second quarter of 2016 were $141 million, down $23 million, or 14%, from the same period in 2015. The decrease was due to the combined impact of lower project activity and deferral of maintenance, repairs and operations expenditures particularly in Norway and Australia. The impact of the decline in the foreign currencies in areas where we operate account for $4 million of the total revenue decline.

Sales by Sector

Upstream sales in the second quarter of 2016 decreased 51% from the second quarter of 2015 to $211 million, or 28%, of total sales. The decline in upstream sales was across all segments and was a result of reduced customer activity. U.S. upstream sales declined 40% in the second quarter of 2016, excluding OCTG revenue, from the second quarter of 2015 as compared to a 53% decline in the average U.S. rig count over the same period. International upstream sales declined 13% in the second quarter of 2016 from the second quarter of 2015.

Midstream sales in the second quarter of 2016 decreased 30% from the second quarter of 2015 to $292 million, or 39%, of total sales. Sales to transmission customers were down 44% and sales to gas utility customers were down by 15% over the same quarter in 2015.

Downstream sales in the second quarter of 2016 decreased 30% from the second quarter of 2015 to $243 million, or 33%, of total sales. The downstream sector declined by 31% in the U.S. and 15% in International due primarily to lower project activity.

Balance Sheet

During the second quarter of 2016, the company generated $90 million of cash from operations and grew cash to $167 million at June 30, 2016 from $121 million at the end of the first quarter 2016. Debt, net of cash, was $349 million at June 30, 2016 compared to $450 million at December 31, 2015.

Share Repurchase Program Update

In November 2015, the board of directors authorized a share repurchase program for common stock of up to $100 million. During the second quarter of 2016, the company repurchased $33 million of its common stock at an average price of $13.82 per share. In total, the company has repurchased $83 million of its common stock. The outstanding share count as of June 30, 2016 is 96.4 million.

Shares may be repurchased at management’s discretion in the open market depending on market conditions and other factors.

Conference Call

The Company will hold a conference call to discuss its second quarter 2016 results at 10:00 a.m. Eastern Time (9:00 a.m. Central Time) on August 3, 2016. To participate in the call, please dial 412-902-0003 and ask for the MRC Global conference call at least 10 minutes prior to the start time. To access the conference call live over the Internet, please log onto the web at http://www.mrcglobal.com and go to the "Investor Relations" page of the company's website at least fifteen minutes early to register, download and install any necessary audio software. For those who cannot listen to the live call, a replay will be available through August 17, 2016 and can be accessed by dialing 201-612-7415 and using pass code 13638458#. Also, an archive of the webcast will be available shortly after the call at www.mrcglobal.com for 90 days.

About MRC Global Inc.

Headquartered in Houston, Texas, MRC Global is the largest global distributor, based on sales, of pipe, valves and fittings (PVF) and related products and services to the energy industry and supplies these products and services across each of the upstream, midstream and downstream sectors. More information about MRC Global can be found on our website mrcglobal.com.

Contact:

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MRC Global Inc.
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832-308-2847

MRC Global Inc.
Condensed Consolidated Balance Sheets (Unaudited)
(in millions)

	June 30, 2016	December 31, 2015
Assets		
Current assets:		
Cash	**$ 167**	$ 69
Accounts receivable, net	**430**	533
Inventories, net	**689**	781
Other current assets	**29**	22
Total current assets	**1,315**	1,405
Other assets	**21**	22
Property, plant and equipment, net	**131**	127
Intangible assets:		
Goodwill, net	**484**	484
Other intangible assets, net	**436**	459
	$ 2,387	$ 2,497
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable	**$ 320**	$ 327
Accrued expenses and other current liabilities	**104**	110
Current portion of long-term debt	**8**	8
Total current liabilities	**432**	445
Long-term obligations:		
Long-term debt, net	**508**	511
Deferred income taxes	**204**	208
Other liabilities	**23**	22
Commitments and contingencies		
6.5% Series A Convertible Perpetual Preferred Stock, $0.01 par value; authorized 363,000 shares; 363,000 shares issued and outstanding	**355**	355
Stockholders' equity:		
Common stock, $0.01 par value per share: 500 million shares authorized, 102,488,749 and 102,202,599 issued, respectively	**1**	1
Additional paid-in capital	**1,671**	1,666
Retained deficit	**(504)**	(467)
Less: Treasury stock at cost: 6,094,663 and 816,389 shares, respectively	**(83)**	(12)
Accumulated other comprehensive loss	**(220)**	(232)
	865	956
	$ 2,387	$ 2,497

MRC Global Inc.
Condensed Consolidated Statements of Operations (Unaudited)
(in millions, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30, 2016	**June 30, 2015**	**June 30, 2016**	**June 30, 2015**
Sales	**$ 746**	$ 1,198	**$ 1,529**	$ 2,490
Cost of sales	**621**	992	**1,271**	2,064
Gross profit	**125**	206	**258**	426
Selling, general and administrative expenses	**135**	159	**272**	318
Operating (loss) income	**(10)**	47	**(14)**	108
Other expense:				
Interest expense	**(9)**	(13)	**(17)**	(28)
Other, net	**-**	(5)	**(1)**	(9)
(Loss) income before income taxes	**(19)**	29	**(32)**	71
Income tax (benefit) expense	**(2)**	13	**(7)**	26
Net (loss) income	**(17)**	16	**(25)**	45
Series A preferred stock dividends	**6**	1	**12**	1
Net (loss) income attributable to common stockholders	**$ (23)**	$ 15	**$ (37)**	$ 44
Basic (loss) earnings per common share	**$ (0.24)**	$ 0.15	**$ (0.37)**	$ 0.43
Diluted (loss) earnings per common share	**$ (0.24)**	$ 0.15	**$ (0.37)**	$ 0.43
Weighted-average common shares, basic	**97.7**	102.2	**99.2**	102.1
Weighted-average common shares, diluted	**97.7**	102.8	**99.2**	102.6

MRC Global Inc.
Condensed Consolidated Statements of Cash Flows (Unaudited)
(in millions)

	Six Months Ended	
	June 30, 2016	**June 30, 2015**
Operating activities		
Net (loss) income	**$ (25)**	$ 45
Adjustments to reconcile net (loss) income to net cash provided by operations:		
Depreciation and amortization	**10**	10
Amortization of intangibles	**23**	31
Equity-based compensation expense	**7**	5
Deferred income tax benefit	**(5)**	(16)
Write off of debt issuance costs	**-**	3
Decrease in LIFO reserve	**(4)**	(15)
Provision for uncollectible accounts	**2**	2
Foreign currency losses	**2**	6
Other non-cash items	**4**	3
Changes in operating assets and liabilities:		
Accounts receivable	**104**	207
Inventories	**51**	152
Other current assets	**2**	1
Income taxes payable	**(6)**	(7)
Accounts payable	**(10)**	(111)
Accrued expenses and other current liabilities	**(7)**	(39)
Net cash provided by operations	**148**	277
Investing activities		
Purchases of property, plant and equipment	**(14)**	(13)
Proceeds from the disposition of non-core product line	**48**	-
Other investing activities	**2**	(2)
Net cash provided by (used in) investing activities	**36**	(15)
Financing activities		
Payments on revolving credit facilities	**(27)**	(765)
Proceeds from revolving credit facilities	**27**	412
Payments on long-term obligations	**(4)**	(254)
Proceeds from issuance of preferred stock, net of issuance costs	**-**	355
Purchase of common stock	**(71)**	-
Dividends paid on preferred stock	**(12)**	-
Net cash used in financing activities	**(87)**	(252)
Increase in cash	**97**	10
Effect of foreign exchange rate on cash	**1**	(2)
Cash -- beginning of period	**69**	25
Cash -- end of period	**$ 167**	$ 33

MRC Global Inc.
Supplemental Information (Unaudited)
Reconciliation of Adjusted EBITDA (a non-GAAP measure) to Net (Loss) Income
(in millions)

	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Net (loss) income	$ (17)	$ 16	$ (25)	$ 45
Income tax (benefit) expense	(2)	13	(7)	26
Interest expense	9	13	17	28
Depreciation and amortization	5	5	10	10
Amortization of intangibles	11	15	23	31
Decrease in LIFO reserve	(1)	(15)	(4)	(15)
Change in fair value of derivative instruments	1	1	2	2
Equity-based compensation expense (1)	4	3	7	5
Write off of debt issuance costs (2)	-	3	-	3
Severance and restructuring charges (3)	4	7	9	9
Foreign currency losses	1	2	2	6
Adjusted EBITDA	$ 15	$ 63	$ 34	$ 150

Notes to above:
(1) Recorded in SG&A.
(2) Charge (pre-tax) related to the early repayment of debt with the proceeds from the issuance of Series A preferred stock.
(3) Charge (pre-tax) related to employee severance and restructuring charges associated with the company's cost reduction initiatives recorded in SG&A.

The company defines Adjusted EBITDA as net income plus interest, income taxes, depreciation and amortization, amortization of intangibles, and certain other expenses (such as equity-based compensation, severance and restructuring, changes in the fair value of derivative instruments and goodwill impairment) and plus or minus the impact of its LIFO inventory costing methodology. The company presents Adjusted EBITDA because the company believes Adjusted EBITDA is a useful indicator of the company's operating performance. Among other things, Adjusted EBITDA measures the company's operating performance without regard to certain non-recurring, non-cash or transaction-related expenses. Adjusted EBITDA, however, does not represent and should not be considered as an alternative to net income, cash flow from operations or any other measure of financial performance calculated and presented in accordance with GAAP. Because Adjusted EBITDA does not account for certain expenses, its utility as a measure of the company's operating performance has material limitations. Because of these limitations, the company does not view Adjusted EBITDA in isolation or as a primary performance measure and also uses other measures, such as net income and sales, to measure operating performance. See the Company's Annual Report filed on Form 10-K for a more thorough discussion of the use of Adjusted EBITDA.

MRC Global Inc.
Supplemental Information (Unaudited)
Reconciliation of Adjusted Gross Profit (a non-GAAP measure) to Gross Profit
(in millions)

	Three Months Ended			
	June 30, 2016	**Percentage of Revenue***	**June 30, 2015**	**Percentage of Revenue**
Gross profit, as reported	**$ 125**	**16.8%**	$ 206	17.2%
Depreciation and amortization	**5**	**0.7%**	5	0.4%
Amortization of intangibles	**11**	**1.5%**	15	1.2%
Decrease in LIFO reserve	**(1)**	**(0.1%)**	(15)	(1.2%)
Adjusted Gross Profit	**$ 140**	**18.8%**	$ 211	17.6%

	Six Months Ended			
	June 30, 2016	**Percentage of Revenue**	**June 30, 2015**	**Percentage of Revenue**
Gross profit, as reported	**$ 258**	**16.9%**	$ 426	17.1%
Depreciation and amortization	**10**	**0.7%**	10	0.4%
Amortization of intangibles	**23**	**1.5%**	31	1.2%
Decrease in LIFO reserve	**(4)**	**(0.3%)**	(15)	(0.6%)
Adjusted Gross Profit	**$ 287**	**18.8%**	$ 452	18.1%

*Does not foot due to rounding.

The company defines Adjusted Gross Profit as sales, less cost of sales, plus depreciation and amortization, plus amortization of intangibles, and plus or minus the impact of its LIFO inventory costing methodology. The company presents Adjusted Gross Profit because the company believes it is a useful indicator of the company's operating performance without regard to items, such as amortization of intangibles, that can vary substantially from company to company depending upon the nature and extent of acquisitions of which they have been involved. Similarly, the impact of the LIFO inventory costing method can cause results to vary substantially from company to company depending upon whether they elect to utilize LIFO and depending upon which method they may elect. The company uses Adjusted Gross Profit as a key performance indicator in managing its business. The company believes that gross profit is the financial measure calculated and presented in accordance with U.S. generally accepted accounting principles that is most directly comparable to Adjusted Gross Profit.

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