

**Investor Relations  
January Monthly Sales  
February 13, 2014**

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Good morning, this is Bill Chapman, Senior Director, Investor Relations for Grainger. Thank you for accessing this recorded message with information regarding Grainger's January 2014 sales results.

I'll begin by reminding you that certain statements and projections of future results made in this webcast constitute forward-looking information. This information is based on current expectations of market conditions and competitive and regulatory environments and involves risk and uncertainty. Please see our 2012 Form 10-K for a discussion of factors as they relate to forward-looking statements.

January 2014 had 22 selling days, the same as January 2013. For the month of January, total company sales increased 3 percent versus January 2013, including 1 percentage point from acquisitions, net of dispositions, and a 2 percentage points decline from unfavorable foreign exchange from weakness in the Canadian dollar and Japanese yen. Excluding acquisitions and foreign exchange, organic total company sales increased 4 percent driven by 2 percentage points from volume, 2 percentage points from price and 2 percentage points from strong sales of seasonal products, partially offset by a 2 percentage points decline from business disruptions due to the extreme cold and snow in many parts of North America.

As we indicated in our fourth quarter 2013 results, extreme weather in the United States and Canada hindered sales growth both early and late in January. Extreme cold and snow led to business disruptions as evidenced by facility closures for both Grainger and our customers.

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Now let's turn our attention to sales results by segment. As a reminder, monthly sales history by reporting segment for the prior 2 years is available on the Investor Relations web site along with a summary of selling days by month. Please note that although some of our businesses have a different number of selling days due to local holidays, we use the number of selling days in the United States as the basis for our calculation of daily sales.

I'll begin with our largest segment, the United States. Sales for the U.S. segment increased 6 percent, consisting of 3 percentage points from volume, 2 percentage points from price, 2 percentage points from strong sales of seasonal products and 2 percentage points from acquisitions, net of dispositions, partially offset by a 3 percentage points decline from business disruption tied to the extreme cold and snow. While extreme weather shut down some customer and Grainger facilities, we saw strong sales of seasonal products at other times during the month.

For our customer end markets in the United States, sales performed as follows:

- Natural Resources was up in the high single digits;
- Heavy Manufacturing, Light Manufacturing and Retail were up in the mid-single digits;
- Commercial was up in the low single digits;
- Reseller was flat; and
- Contractor and Government were down in the low single digits.

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Within Government, sales to state and local customers, which accounted for approximately 80 percent of our government sales, were up in the low single digits. State and local customers grew in the mid-single digits excluding education, which was affected by numerous school closures during the extreme weather. Sales to federal customers were down in the mid-teens for the month, primarily related to ongoing weakness with federal civilian and military customers.

In our Canadian segment, sales decreased 13 percent in U.S. currency, and were down 4 percent in local currency. The 13 percent sales decline consisted of 9 percentage points decline from foreign exchange, 2 percentage points decline from volume and a 2 percentage points decline from extreme weather and extended holiday customer shutdowns. There was reduced activity during the first two selling days of January as many major customers did not resume operations until Monday, January 6<sup>th</sup>. Growth to customers in the Commercial, Government, Utilities, Forestry and Reseller end markets was offset by declines in the Construction, Light Manufacturing, Mining, Retail and Oil and Gas customer end markets. Unfavorable foreign exchange increased during the month of January and is expected to be a significant headwind for the remainder of the year. As a reminder, 2014 company sales guidance was revised to reflect additional foreign exchange headwinds primarily due to the weakening of the Canadian dollar versus the U.S. dollar, as announced in our earnings release on January 24<sup>th</sup>.

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Sales for our Other Businesses, which includes operations primarily in Asia, Europe and Latin America, increased 6 percent in January. This growth consisted of 15 percentage points from volume and price, partially offset by a 9 percentage points decline from unfavorable foreign exchange from a weaker Japanese yen. In local currency, sales for the business in Japan grew nearly 30 percent while sales for the business in Mexico grew in the mid-teens. Zoro Tools continued strong triple digit growth.

Looking forward, February will have 20 selling days, the same as February of last year. Sales growth thus far in February is trending slightly above January, although extreme weather, most recently ice storms in the southeast United States, is once again resulting in some business disruption.

Please mark your calendar for the following events in February and March:

- Ron Jadin, Senior Vice President and Chief Financial Officer, will be presenting at the Barclays Industrial Select Conference in Miami, FL on February 20<sup>th</sup>.
- Court Carruthers, Senior Vice President and Group President, Americas, will be presenting at the Raymond James 35<sup>th</sup> Annual Institutional Investors Conference in Orlando, FL on March 4<sup>th</sup>.
- Paul Miller, Vice President, eCommerce and Customer Information, will present at the 16<sup>th</sup> Annual Credit Suisse Global Services Conference in Scottsdale, AZ on March 10<sup>th</sup>.
- And lastly, we will report February sales on Thursday, March 13<sup>th</sup> at 8:00 a.m. EDT.

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If you have questions about January sales or any of the upcoming events, please contact Laura Brown, Senior Vice President, Communications and Investor Relations at 847-535-0409 or Casey Darby, Senior Manager of Investor Relations at 847-535-0099 or me at 847-535-0881. Thank you for your interest in Grainger.