



**Investor Relations
November Monthly Sales
December 11, 2015**

Hi, this is Michael Ferreter, Financial Communications Manager for Grainger. Thank you for accessing this recorded message with information regarding Grainger's November 2015 daily sales results.

Before we begin, please remember that certain statements and projections of future results made in the press release and in this podcast constitute forward-looking information. These statements are based on current market conditions and competitive, regulatory and other expectations and involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied in any forward-looking statement. Please see our SEC filings, including our most recent periodic reports filed on Form 10-K and Form 10-Q, which are available on our Investor Relations web site, for a discussion of factors that may affect our forward-looking statements.

November 2015 had 20 selling days, one more than last year. For the month of November, daily sales declined 2 percent versus November 2014. These results included a 4 percentage point contribution from acquisitions and a 3 percentage point reduction from foreign exchange. Excluding acquisitions and foreign exchange, organic sales declined 3 percent, driven by a 1 percentage point decline in price and a 2 percentage point decline from lower sales of seasonal and safety products. Sales in November 2014 benefited from winter storms as well as Ebola related safety products that did not repeat in November 2015.

Now let's turn our attention to sales results by segment. As a reminder, monthly sales history 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

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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. Daily sales for the U.S. segment declined 5 percent, which included a 2 percentage point decline from price, a 2 percentage point decline in sales of seasonal products, a 1 percentage point decline from volume and a 1 percentage point decline from sales of Ebola related safety products in the previous year, partially offset by a 1 percentage point contribution from intercompany sales to Zoro. Adjusting for seasonal and Ebola sales, our U.S. daily sales performance in November was consistent with October.

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

- Retail and Government were up in the low single digits;
- Light Manufacturing was down in the low single digits;
- Commercial and Contractors were down in the mid-single digits;
- Heavy Manufacturing was down in the high single digits;
- Resellers was down in the mid-teens and
- Natural Resources was down in the mid-twenties.

In November of last year, storms in the northeast United States contributed to stronger than normal sales of seasonal products. This effect was spread across all customer end markets. Also, November 2014 included sales of Ebola-related safety products that contributed incremental sales primarily in the Commercial and Government customer end markets, resulting in a tougher year-over-year comparison.

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In our Canadian segment, daily sales declined 27 percent in U.S. currency and were down 14 percent in local currency. Daily sales in local currency declined as a result of a 17 percentage point decline in volume and a 1 percentage point decline in sales of seasonal products, partially offset by a 4 percentage point benefit from price. Daily sales to all customer end markets declined with the exception of growth in the Agriculture/Mining, Government and Forestry end markets. From a geographic standpoint, daily sales in Alberta were down about 30 percent in local currency, whereas sales in all other provinces in aggregate were down 3 percent versus the prior year.

Daily sales for our Other Businesses increased 40 percent in November, consisting of 33 percentage points from Cromwell and 18 percentage points from volume and price, partially offset by an 11 percentage point decline from unfavorable foreign exchange. Organic daily sales growth of 18 percent in November was primarily driven by the single channel online businesses in Japan and the United States.

Turning to December, the month will have 22 selling days, the same as last year. Total company sales in December to date, including the benefit of the acquisition, are slightly positive. However, December sales are expected to slow given the likelihood of extended customer shutdowns near the end of the month.

Please note that we plan to report fourth quarter 2015 results on Tuesday, January 26, 2016, at 7:30 a.m. EST.

If you have questions about November sales or any upcoming events, please contact Laura Brown, Senior Vice President, Communications and Investor Relations at 847-535-0409, Bill Chapman, Senior Director, Investor



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Relations at 847-535-0881 or me at 847-535-1439. Thank you for your interest in Grainger.