



**Investor Relations
October Monthly Sales
November 12, 2015**

Hi, this is Casey Darby, Senior Manager, Investor Relations for Grainger. Thank you for accessing this recorded message with information regarding Grainger's October 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.

October 2015 had 22 selling days, one less than last year. For the month of October, daily sales declined 1 percent versus October 2014. These results included 4 percentage points from acquisitions and a 3 percentage point reduction from foreign exchange. Excluding acquisitions and foreign exchange, organic sales declined 2 percent, driven by a 1 percentage point decline in price and a 1 percentage point decline from lower sales of safety products. In October 2014, sales of Ebola-related safety products contributed 1 percentage point to sales growth versus the previous year.

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 3 percent, which included a 2 percentage point decline from price, 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.

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

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

October 2014 included sales of Ebola-related safety products that contributed incremental sales primarily in the Commercial and Government customer end markets, resulting in difficult year-over-year comparisons. Excluding the Ebola-related product sales in 2014, daily sales in October 2015 were flat to Commercial customers and were up in the low single digits to Government customers.



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In our Canadian segment, daily sales declined 25 percent in U.S. currency and were down 13 percent in local currency. Daily sales in local currency declined as a result of a 17 percentage point decrease in volume, partially offset by a 4 percentage point benefit from price. Daily sales to all customer end markets declined with the exception of growth to customers in the Mining, Utilities and Forestry end markets. From a geographic standpoint, daily sales in Alberta were down 27 percent, whereas sales in all other provinces in aggregate were down 3 percent versus the prior year.

Daily sales for our Other Businesses increased 43 percent in October, consisting of 36 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 October was primarily driven by the single channel online businesses in Japan and the United States.

Turning to November, the month will have 20 selling days, one more than last year. Daily sales performance in November is currently trending in line with the daily sales results reported in October 2015.

Please mark your calendar for the following upcoming events:

- On Tuesday, November 17th, Will Lomax, Vice President and Controller, and Bill Chapman, Senior Director of Investor Relations, will participate in the Barclays Select Series: Industrial Distribution Forum in New York, NY.



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- On Wednesday, December 2nd, Ron Jadin, Senior Vice President and Chief Financial Officer and Laura Brown, Senior Vice President, Communications and Investor Relations will participate at the Credit Suisse Global Industrials Conference in Palm Beach, FL. Mr. Jadin is scheduled to present at 10:30 a.m. EST. The presentation will be webcast and available at www.grainger.com/investor.
- And we plan to report November sales results on Friday, December 11, 2015, at 8:00 a.m. EST.

If you have questions about October 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 Relations at 847-535-0881 or me at 847-535-0099. Thank you for your interest in Grainger.