



**Investor Relations
January Monthly Sales
February 11, 2016**

Hi, this is Michael Ferreter, Financial Communications Manager for Grainger. Thank you for accessing this recorded message with information regarding Grainger's January 2016 daily sales results.

This podcast is supplemented by our January sales release issued today, February 11th, and other information available on our Investor Relations website. This material contains forward looking statements that are based on our current view of the competitive market and the overall environment. Future risks and uncertainties could cause our actual results to differ materially. 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 website, for a discussion of factors that may affect our forward-looking statements.

January 2016 had 20 selling days, one fewer than last year. For the month of January, daily sales increased 4 percent versus January 2015. These results included a 4 percentage point contribution from the Cromwell acquisition and a 2 percentage point reduction from foreign exchange. Excluding acquisitions and foreign exchange, organic sales grew 2 percent, driven by a 3 percentage point increase in volume and a 2 percentage point benefit from holiday timing, partially offset by a 2 percentage point decline in price and a 1 percentage point decline from sales of Ebola related safety products recorded last year that did not repeat in 2016.

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 increased 1 percent, which included a 2 percentage point benefit from holiday timing, a 1 percentage point increase from volume and a 1 percentage point contribution from intercompany sales to Zoro, partially offset by a 2 percentage point decline in price and a 1 percentage point decline from sales of Ebola related safety products.

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

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

We saw modest sequential improvement from December in most customer end markets, which was reflected in the stronger volume. The late January snowstorm in the northeast United States had no net effect on sales for the month.

In our Canadian segment, daily sales declined 23 percent in U.S. currency and were down 9 percent in local currency. Daily sales in local currency declined as a result of a 12 percentage point decline in volume and a 1 percentage point

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decline from being closed one business day in preparation for the SAP deployment, partially offset by a 2 percentage point benefit from price and a 2 percentage point benefit from holiday timing. Daily sales to all customer end markets declined with the exception of growth in the Utilities and Forestry end markets. From a geographic standpoint, daily sales in Alberta were down about 20 percent in local currency, whereas sales in all other provinces in aggregate were down 2 percent versus the prior year.

Daily sales for our Other Businesses increased 56 percent in November, consisting of 34 percentage points from Cromwell and 27 percentage points from volume and price, partially offset by a 5 percentage point decline from unfavorable foreign exchange. A stronger yen has helped to minimize the effect of foreign exchange on sales for the Other Businesses. The strong organic daily sales growth was primarily driven by the single channel online businesses in Japan and the United States.

Turning to February, the month will have 21 selling days, one more than last year. Company daily sales in February to date are running in line with January, excluding January's benefit of the holiday timing. Volume in Canada is well below January's run rate due to the start-up of SAP, which was deployed on February 1, 2016.

Finally, we wanted to include additional information about our two clean energy investments. The appendix at the end of this podcast is intended to help investors model the income statement effect of the two investments.

Please mark your calendar for the following upcoming events:

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- On Thursday, February 18th, Ron Jadin, Senior Vice President and Chief Financial Officer, will present at the Barclays Industrial Select Conference in Miami Beach, FL.
- On Wednesday, March 8th, D.G. Macpherson, Chief Operating Officer, will present at the Raymond James 37th Annual Institutional Investors Conference in Orlando, FL.
- We plan to report February sales on Friday, March 11, 2016, at 8:00 a.m. EST.

If you have questions about January sales or any upcoming events, please contact me at 847-535-1439. Laura Brown, Senior Vice President, Communications and Investor Relations and Bill Chapman, Senior Director of Investor Relations are traveling. Thank you for your interest in Grainger.

APPENDIX

2016E Financials for Grainger's Clean Energy Investments

Other Income and Expense	(\$30 - \$45 million)
Tax Benefit	\$11 - \$17 million
Clean Energy Tax Credits	\$28 - \$41 million
Net Earnings	\$9 - \$13 million
Earnings Per Share (rounded)	\$0.15 - \$0.20

Note: As of 2/11/16.

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Safe Harbor Statement

All statements in this communication, other than those relating to historical facts, are “forward-looking statements.” These forward-looking statements are not guarantees of future performance and are subject to a number of assumptions, risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from such statements. These statements include, but are not limited to, statements about future strategic plans and future financial and operating results. Important factors that could cause actual results to differ materially from our expectations include, among others: higher product costs or other expenses; a major loss of customers; loss or disruption of source of supply; increased competitive pricing pressures; failure to develop or implement new technologies or business strategies; the outcome of pending and future litigation or governmental or regulatory proceedings, including with respect to wage and hour, anti-bribery and corruption, environmental, advertising, privacy and cybersecurity matters; investigations, inquiries, audits and changes in laws and regulations; disruption of information technology or data security systems; general industry or market conditions; general global economic conditions; currency exchange rate fluctuations; market volatility; commodity price volatility; labor shortages; facilities disruptions or shutdowns; higher fuel costs or disruptions in transportation services; natural and other catastrophes; unanticipated weather conditions; loss of key members of management; our ability to operate, integrate and leverage acquired businesses and other factors which can be found in our filings with the Securities and Exchange Commission, including our most recent periodic reports filed on Form 10-K and Form 10-Q, which are available on our Investor Relations website. Forward-looking statements are given only as of the date of this release and we disclaim any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.