



**Investor Relations
April Monthly Sales
May 12, 2016**

Hi, this is Michael Ferreter, Senior Manager, Investor Relations for Grainger. Thank you for accessing this recorded message with information regarding Grainger's April 2016 daily sales results.

This podcast is supplemented by our April sales release issued today, May 12th, 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.

April 2016 had 21 selling days, one fewer than last year. For the month of April, daily sales increased 4 percent versus April 2015. These results included a 4 percentage point contribution from the Cromwell acquisition. Foreign exchange for the month was negligible. Excluding acquisitions, organic daily sales were flat driven by a 1 percentage point increase in volume and a 1 percentage point benefit from the timing of the Easter holiday, offset by a 2 percentage point decline in price.

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 the number of selling days in the United States as the basis for our calculation of daily sales.

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I'll begin with our largest segment, the United States. Daily sales for the U.S. segment declined 1 percent, which included a 3 percentage point decline in price, partially offset by a 1 percentage point benefit from the timing of the Easter holiday and a 1 percentage point contribution from intercompany sales to Zoro.

Sales performance by customer end market in April was as follows:

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

In our Canadian segment, daily sales declined 14 percent in U.S. currency and were down 13 percent in local currency. The daily sales decline was driven by a 13 percentage point decline in volume and a 1 percentage point decline from price, partially offset by a 1 percentage point benefit from the timing of the Easter holiday. Daily sales to all customer end markets were down. The foreign exchange exposure relative to the U.S. dollar has improved since the beginning of the year. From a geographic standpoint, daily sales in Alberta were down 30 percent in local currency, whereas sales in all other provinces in aggregate were down about 10 percent versus the prior year. The SAP deployment on February 1st did not have a material impact on April sales.

Daily sales for our Other Businesses increased 56 percent in April, consisting of 32 percentage points from Cromwell, 22 percentage points from volume and price and a 2 percentage point benefit from foreign exchange.

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MonotaRO in Japan and Zoro in the United States contributed the majority of the 22 percent growth.

Turning to May, the month will have 21 selling days, one more than last year. Company daily sales in May to date are starting a bit softer than April's results. In addition, we continue to monitor the wildfires in Alberta, which resulted in the evacuation of the town of Fort McMurray. Our branch there is now up and running on a very limited basis. It is too soon to quantify the impact as of yet. The branch is about 115,000 square feet and represents approximately 10 percent of Canada's revenue.

Please mark your calendar for the following upcoming events:

1. On May 18th at 10:00 EDT, Jim Ryan, Ron Jadin and DG Macpherson will present at the Electrical Products Group meeting in Longboat Key, FL. This event will be webcast.
2. On June 8th at 9:40 a.m. EDT, Ron Jadin will present at the Robert W. Baird Global Business Services Conference in New York, NY. This event will also be webcast.
3. We plan to report May sales on Monday, June 13, 2016, at 8:00 a.m. EDT.

If you have questions about April sales or any upcoming events, please contact Laura Brown, Senior Vice President, Communications and Investor Relations at 847-535-0409, Bill Chapman, Senior Director of Investor Relations at 847-535-0881 or me at 847-535-1439. Thank you for your interest in Grainger.

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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.