



**Investor Relations
July Monthly Sales
August 11, 2016**

Hi, this is Bill Chapman, Senior Director of Investor Relations for Grainger. Thank you for accessing this recorded message with information regarding Grainger's July 2016 daily sales results.

This podcast supplements our July sales release issued today, August 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.

July 2016 had 20 selling days, two fewer than last year. For the month of July, daily sales increased 3 percent versus July 2015. These results included a 4 percentage point contribution from the Cromwell business acquired on September 1st, 2015. Foreign exchange for the month was negligible. Excluding acquisitions, organic daily sales were down 1 percent driven by flat volume and a 1 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 2 percent, driven by a 2 percentage point decline in volume and a 1 percentage point decline in price, partially offset by a 1 percentage point contribution from intercompany sales to Zoro. Sales performance by customer end market in July was as follows:

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

While the disruption resulting from the realignment of our sales force still persists, sales to the Government end market, particularly to local government customers, bounced back sequentially after a relatively slow June. In addition, Light Manufacturing posted positive sales growth rebounding from negative growth in June.

In our Canadian segment, daily sales declined 19 percent in U.S. currency and were down 14 percent in local currency, driven by a 15 percentage point decline in volume, partially offset by a 1 percentage point benefit from price. Daily sales to all customer end markets except Utilities and Forestry were down. From a geographic standpoint, daily sales in Alberta were down 20 percent in local currency, whereas sales in all other provinces in aggregate were down 12 percent versus the prior year.



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Daily sales for our Other Businesses increased 56 percent in July, consisting of 30 percentage points from Cromwell, 20 percentage points from volume and price and a 6 percentage point benefit from foreign exchange. MonotaRO in Japan continued its solid growth and benefited from a difference in the number of local selling days. Zoro in the United States grew at greater than 30 percent and the business in Mexico grew low double digits in local currency, partially offset by lower sales in Latin America and at Fabory.

Turning to August, the month will have 23 selling days, two more than last year. Company daily sales performance in August to date is currently trending better than July's results. We plan to report August sales results on Tuesday, September 13th, 2016, at 8:00 a.m. EDT.

If you have questions about July sales or any upcoming events, please contact Michael Ferreter, Senior Manager of Investor Relations at 847-535-1439 or me at 847-535-0881. Laura Brown, Senior Vice President, Communications and Investor Relations is currently out of the office. Thank you for your interest in Grainger.

Safe Harbor Statement

All statements in this communication, other than those relating to historical facts, are "forward-looking statements" based on our current view of the competitive market and the overall environment. Factors that could cause our actual results to differ materially from those statements include, among other risks and uncertainties, a major loss of customers or suppliers, competitive pressures, legal proceedings, changes in laws and regulations, general economic, industry or market conditions, technological or operational disruptions, natural and other catastrophes and other factors that can be found in our filings with the Securities and Exchange Commission, including our most recent Forms 10-K and 10-Q, which are available on our Investor Relations website. We disclaim any obligation to update or revise any forward-looking statement, except as required by law.