

**Investor Relations
February Monthly Sales
March 12, 2015**

Good morning. This is Michael Ferreter with Grainger Investor Relations. Thank you for accessing this recorded message with information regarding Grainger's February 2015 sales results.

I'll begin by reminding you that certain statements and projections of future results made in this webcast constitute forward-looking information. This information is based on current expectations of market conditions and competitive and regulatory environments and involves risk and uncertainty. Please see our 2014 Form 10-K for a discussion of factors as they relate to forward-looking statements.

February 2015 had 20 selling days, the same as February of last year. For the month, total company sales increased 2 percent versus February 2014, including 1 percentage point from acquisitions and a 3 percentage point decline from unfavorable foreign exchange. Excluding acquisitions and foreign exchange, organic sales increased 4 percent driven by 4 percentage points from volume and a 2 percentage point benefit from favorable comparability to the business disruptions in February 2014 due to extreme weather. This increase was partially offset by a 1 percentage point decline in price and a 1 percentage point decline from winter storms in February 2015.

Let's turn our attention to sales results by segment. As a reminder, monthly sales history by reporting segment for the prior 2 years is available on Grainger's 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.

**Investor Relations
February Monthly Sales
March 12, 2015**

I'll begin with our largest segment, the United States. Sales for the U.S. segment increased 4 percent, consisting of 4 percentage points from volume and a 2 percentage point benefit from favorable comparisons to the business disruptions last year. This increase was partially offset by a 1 percentage point decline from price and a 1 percentage point decline from this year's winter storms. The negative price realization is driven by higher sales to lower-margin customers. We are also seeing modest cost deflation which mitigates the negative price effect on gross profit rates. Branch closures from Texas to Virginia due to winter weather negatively affected sales in February.

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

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

Sales to the Natural Resources and Heavy Manufacturing end markets were particularly affected by the overall slowdown in the oil and gas industry. As a reference, oil and gas represent approximately 2 percent of sales within the Natural Resources end market. The Commercial end market benefited from continuing sales of Ebola related safety products.

In our Canadian segment, sales decreased 10 percent in U.S. currency and increased 1 percent in local currency versus February 2014. The 1 percent sales increase consisted of 7 percentage points from the WFS acquisition and

**Investor Relations
February Monthly Sales
March 12, 2015**

3 percentage points from price. This growth was partially offset by an 8 percentage point decline in volume and a 1 percentage point decline from lower sales of seasonal products. The decline in volume was driven by lower sales to the Oil & Gas, Contractor and Retail customer end markets, partially offset by growth in the Government and Light Manufacturing customer end markets.

The performance in Canada was driven by softness in the province of Alberta, where oil and gas activity has slowed significantly in recent months. Alberta represents slightly more than a third of our sales in Canada and was down double digits in local currency in February. Every region outside Alberta was flat or up versus prior year in local currency.

Sales for our Other Businesses increased 8 percent in February. This growth consisted of 20 percentage points from volume and price, partially offset by a 12 percentage point decline from unfavorable foreign exchange from a weaker Japanese yen, euro and Mexican peso. Performance in February was driven by more than 90 percent sales growth for Zoro in the United States. Sales in local currency grew in the mid-twenties for Japan and low teens for Mexico.

On a total company basis, unfavorable foreign exchange increased sequentially in February versus January and is expected to be a significant headwind for the remainder of the year.

Looking forward, March will have 22 selling days, one more than March of last year. Sales growth thus far in March is trending consistent with February. Early March snowstorms in the southeast have affected operations in that region.

**Investor Relations
February Monthly Sales
March 12, 2015**

We plan to report first quarter earnings on Thursday, April 16th at 7:30 a.m. EDT.

If you have questions about February sales, please contact Laura Brown, Senior Vice President, Communications and Investor Relations at 847-535-0409. Bill Chapman, Senior Director of Investor Relations, and Casey Darby, Senior Manager of Investor Relations, are traveling this week. Thank you for your interest in Grainger.