



**Investor Relations  
October Monthly Sales  
November 11, 2016**

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

This podcast supplements our October sales release issued today, November 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.

October 2016 had 21 selling days, one fewer than last year. For the month of October, daily sales were flat versus October 2015, driven by 1 percentage point of 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 website 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.

I'll begin with our largest segment, the United States. Daily sales for the U.S. segment declined 1 percent, driven by a 1 percentage point decline in volume and a 1 percentage point decline in price, partially offset by a

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1 percentage point contribution from intercompany sales to Zoro. Sales performance by customer end market in October was as follows:

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

We continue to see strength with military customers within our Government business. Food and beverage companies drove the performance of the Light Manufacturing end market. Hurricane Matthew, which hit the eastern United States in early October, had essentially no net effect on sales for the U.S. segment or total company in the month.

In our Canadian segment, daily sales declined 15 percent in U.S. currency and 13 percent in local currency, driven by a 9 percentage point decline in volume and a 4 percentage point decline in price. The price decline was primarily driven by the effect of delaying price increases until customer service stabilizes. Daily sales to all customer end markets were down. From a geographic standpoint, daily sales in Alberta were down 17 percent in local currency, whereas sales in all other provinces in aggregate were down 10 percent versus the prior year.

Daily sales for our Other Businesses increased 15 percent in October, composed of volume and price. Continued strong performance from MonotaRO



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in Japan and Zoro in the United States drove the majority of the sales growth, partially offset by sales declines at Cromwell and Fabory.

Turning to November, the month will have 21 selling days, one more than last year. Company daily sales performance in November to date is currently trending slightly below October's results.

Please mark your calendar for the following events:

- DG Macpherson, Chief Executive Officer will present at the 4th Annual Credit Suisse Industrials Conference on Wednesday, November 30th at 9:30 a.m. EST in Palm Beach, FL. This event will be webcast.
- We plan to report November sales results on Tuesday, December 13th 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 of Investor Relations at 847-535-0881 or me at 847-535-1439. 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.