



**Investor Relations
November Monthly Sales
December 13, 2016**

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

This podcast supplements our November sales release issued today, December 13th, 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.

November 2016 had 21 selling days, one more than last year. For the month of November, daily sales were down 3 percent versus November 2015, driven by a 1 percentage point decline in volume, a 1 percent decline in price and a 1 percentage point decline from lower sales of seasonal products.

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 3 percent, driven by a 2 percentage point decline in volume, a 1 percent decline in price and a 1 percentage point decline from lower

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sales of seasonal products, partially offset by a 1 percentage point contribution from intercompany sales to Zoro. Sales performance by customer end market in November was as follows:

- Government, Retail and Light Manufacturing 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 low double digits.

November 2016 was warmer than November 2015, leading to lower sales of seasonal products. Most end markets were stable to slightly down in what remains a challenging economic environment.

In our Canadian segment, daily sales declined 17 percent in U.S. currency and local currency, driven by a 13 percentage point decline in volume and a 4 percentage point decline in price. Daily sales to all customer end markets were down. From a geographic standpoint, daily sales in Alberta were down 25 percent in local currency, and sales in all other provinces in aggregate were down 13 percent versus the prior year. November 2016 sales were on forecast but the variance to prior year was lower than October's variance due to a strong November 2015 comparison.

Daily sales for our Other Businesses increased 6 percent in November, driven by a 7 percent increase in volume and a 1 percentage point decline in foreign exchange. The single channel businesses, led by MonotaRO in Japan and Zoro in the United States, grew in the low twenties. This sales growth was



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partially offset by declines at Cromwell and Fabory, compounded by unfavorable foreign exchange.

Turning to December, the month will have 21 selling days, one fewer than last year. Company daily sales performance in December to date is currently trending better than November's results at flat to prior year. Please note that potential shutdowns at customer facilities in late December are difficult to predict but could have an impact on the month's sales. As a reminder, there are 63 selling days in the 2016 fourth quarter versus 64 selling days in the 2015 fourth quarter.

We plan to report fourth quarter earnings on Wednesday, January 25th at 7:30 a.m. EST.

If you have questions about November sales, 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.