

**Investor Relations  
February Monthly Sales  
March 13, 2014**

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Good morning, this is Laura Brown, Senior Vice President, Communications and Investor Relations for Grainger. Thank you for accessing this recorded message with information regarding Grainger's February 2014 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 2013 Form 10-K for a discussion of factors as they relate to forward-looking statements.

February 2014 had 20 selling days, the same as February 2013. For the month of February, total company sales increased 3 percent versus February 2013, including 2 percentage points from acquisitions, net of dispositions, and a 2 percentage points decline from unfavorable foreign exchange from weakness primarily in the Canadian dollar and Japanese yen. Excluding acquisitions and foreign exchange, organic total company sales increased 3 percent driven by 4 percentage points from volume, 1 percentage point from increased sales of seasonal products, partially offset by a 2 percentage points decline from business disruptions due to the extreme cold and snow in many parts of the United States.

As mentioned in our January 2014 sales results, extreme weather in the United States affected sales in January and continued into February. In February, these weather conditions resulted in business disruptions such as facility closures for both Grainger and our customers in much of the United States.

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Now 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 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.

I'll begin with our largest segment, the United States. Sales for the U.S. segment increased 5 percent, consisting of 4 percentage points from volume, 1 percentage point from increased sales of seasonal products and 2 percentage points from acquisitions, net of dispositions, partially offset by a 2 percentage points decline from weather-related business disruptions. Price realization was flat for the month of February due to lapping the February 2013 price increase and continued growth in sales to large customers who qualify for volume-based pricing.

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

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

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Sales to state and local government customers, which accounted for approximately 80 percent of our government sales, were up in the low single digits, affected by weather-related school closures. Sales to federal customers were down in the low single digits for the month, a sequential improvement from January's decline in the mid-teens, primarily related to easier comparisons to the previous year. We believe weather had an effect on virtually all segments as many businesses were closed due to winter storms and extreme cold.

In our Canadian segment, sales decreased 11 percent in U.S. currency and were down 2 percent in local currency. The 11 percent sales decline consisted of a 9 percentage points decline from foreign exchange and a 2 percentage points decline from volume. Growth to customers in the Utilities, Forestry, Transportation and Retail end markets was more than offset by declines in the Oil and Gas, Construction, Light Manufacturing, and Commercial customer end markets. We experienced softness particularly in western Canada, which accounts for approximately 70 percent of our business. Unfavorable foreign exchange continued during the month of February and is expected to be a significant headwind for the remainder of the year.

Sales for our Other Businesses, which includes operations primarily in Asia, Europe and Latin America, increased 11 percent in February. This growth consisted of 19 percentage points from volume and price, partially offset by an 8 percentage points decline from unfavorable foreign exchange from a weaker Japanese yen and Mexican peso. In local currency, sales for the business in Japan grew more than 30 percent, while sales for our business in Mexico grew in the low teens. Zoro Tools continued strong triple digit sales growth, serving the needs of smaller customers in the United States with a single channel model.

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Looking forward, March will have 21 selling days, the same as March of last year. Sales growth thus far in March is trending above February. As a reminder, Good Friday fell in the month of March last year and will be in April in 2014. As a result, we will see some favorability on the last day of March due to a favorable comparison. Our businesses in Canada and Latin America are traditionally closed on Good Friday.

Please mark your calendar for Wednesday, April 16th at 8:00 a.m. EDT when we plan to report first quarter 2014 results.

If you have questions about February sales, please contact Bill Chapman, Senior Director of Investor Relations at 847-535-0881 or Casey Darby, Senior Manager of Investor Relations at 847-535-0099 or me at 847-535-0409. Thank you for your interest in Grainger.