

**Investor Relations
July Monthly Sales
August 13, 2014**

Hi, this is Casey Darby, Senior Manager, Investor Relations for Grainger. Thank you for accessing this recorded message with information regarding Grainger's July 2014 sales results.

I'll begin by reminding you that certain statements and projections of future results made in this podcast 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.

Let's move on to sales results for July. July 2014 had 22 selling days, the same as last year. Total company sales increased 6 percent versus July, 2013. These results included 2 percentage points from acquisitions, net of dispositions, and a 1 percentage point decline from unfavorable foreign exchange. Excluding acquisitions and foreign exchange, organic sales increased 5 percent driven by 5 percentage points from volume and a 1 percentage point benefit from the favorable timing of the July 4th holiday in the United States, partially offset by a 1 percentage point decline from lower sales of seasonal products. The July 4th holiday fell on a Friday this year versus a Thursday in 2013.

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.

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I'll begin with our largest segment, the United States, which represented 78 percent of company sales in the month. Sales for the U.S. segment increased 7 percent, consisting of 5 percentage points from volume, 2 percentage points from acquisitions, net of dispositions, and 1 percentage point from the favorable timing of the July 4th holiday, partially offset by a 1 percentage point decline from lower sales of seasonal products.

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

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

In our Canadian segment, sales decreased 2 percent in U.S. currency and increased 1 percent in local currency. The 1 percent sales increase was driven by 2 percentage points from volume growth, partially offset by a 1 percentage point decline from lower sales of seasonal products. The sales increase was related to growth to customers in the Heavy Manufacturing, Commercial, Forestry, Utilities and Transportation end markets, partially offset by declines in the Mining, Government, Light Manufacturing, Oil and Gas, Retail and Construction customer end markets.

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Sales for our Other Businesses increased 16 percent in July. Volume and price increased 17 percentage points, partially offset by a 1 percentage point decline from unfavorable foreign exchange. The sales increase was primarily due to strong revenue growth from Zoro and the businesses in Japan and Mexico, partially offset by lower sales in Europe.

Looking forward, sales growth to date in August is currently trending in line with the sales growth reported for the month of July.

Please mark your calendar for the following upcoming events:

- We plan to report August sales on Friday, September 12th at 8:00 a.m. EDT.
- Also, we plan to report 2014 third quarter results on Thursday, October 16, 2014 at 7:30 a.m. EDT.
- And finally, we will be hosting our Annual Analyst Meeting on Wednesday, November 12th, which will be held at our headquarters in Lake Forest, Illinois.

If you have questions about July sales or any of the 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 847-535-0099. Thank you for your interest in Grainger.