

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

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Good morning. This is Bill Chapman, Senior Director, Investor Relations for Grainger. Thank you for accessing this recorded message with information regarding Grainger's January 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 2013 Form 10-K for a discussion of factors as they relate to forward-looking statements.

January 2015 had 21 selling days, one less than January of last year. For the month, total company daily sales increased 3 percent versus January 2014, including 1 percentage point from acquisitions and a 2 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 January 2014 due to the extreme weather. This was partially offset by a 2 percentage point decline from lower sales of seasonal products. Last January, seasonal products contributed 2 percentage points to growth driven by the record-breaking cold weather.

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 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.

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I'll begin with our largest segment, the United States. Daily sales for the U.S. segment increased 4 percent, consisting of 3 percentage points from volume and a 3 percentage point benefit from favorable comparisons to the business disruptions last year, partially offset by a 2 percentage point decline from lower sales of seasonal products.

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

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

Sales growth in Commercial was driven by sales of Ebola related safety products to healthcare customers. Other customer end markets were negatively affected by the heavy snow in the northeast region of the United States, while Natural Resources softened due to lower oil and gas prices.

In our Canadian segment, daily sales decreased 4 percent in U.S. currency and increased 6 percent in local currency versus January of 2014. The 6 percent daily sales increase consisted of 7 percentage points from the WFS acquisition, a 2 percentage point benefit from favorable comparability to the weather-related business disruptions last year and 1 percentage point from price. This growth was partially offset by a 3 percentage point decline in volume and a 1 percentage point decline from lower sales of seasonal products. The 3 percent decline in volume was driven by lower sales to the Contractor, Oil & Gas, Commercial, Retail and Heavy Manufacturing customer end markets, partially offset by growth

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in the Government, Light Manufacturing, Utilities, Forestry and Transportation customer end markets.

Daily sales for our Other Businesses increased 14 percent in January. This growth consisted of 26 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 January was primarily driven by triple digit growth for Zoro. In addition, local currency sales for the businesses in Japan and Mexico grew more than 30 percent and in the mid-teens, respectively.

Unfavorable foreign exchange increased during the month of January and is expected to be a significant headwind for the remainder of the year. As a reminder, we revised our 2015 company guidance on January 26<sup>th</sup> to reflect additional foreign exchange headwinds primarily in Canada and Japan and a weaker economic outlook in Canada. For perspective, roughly 20 percent of our Canadian sales are directly related to the oil and gas industry. Beyond our direct exposure to the oil and gas industry, the Canadian economy and the Canadian dollar tend to correlate closely with oil and gas prices.

Looking forward, February will have 20 selling days, the same as February of last year. Sales growth thus far in February continues to be hindered by lower organic growth in Canada, foreign exchange headwinds and disruptions from snow storms in the northeast United States, and is currently trending in the low single digits.

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Please mark your calendar for the following events in February and March:

- D.G. Macpherson, Senior Vice President and Group President, Global Supply Chain and International, will present at the Barclays Industrial Select Conference in Miami, FL on February 19<sup>th</sup>.
- Ron Jadin, Senior Vice President & Chief Financial Officer, will present at the Raymond James 36th Annual Institutional Investors Conference in Orlando, FL on March 3<sup>rd</sup>.
- And lastly, we plan to report February sales on Thursday, March 12<sup>th</sup> at 8:00 a.m. EST.

If you have questions about January sales or any of the upcoming events, please contact Casey Darby, Senior Manager of Investor Relations at 847-535-0099 or me at 847-535-0881. Laura Brown, Senior Vice President, Communications and Investor Relations is traveling this week. Thank you for your interest in Grainger.