



**Investor Relations
May Monthly Sales
June 13, 2016**

Hi, 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 May 2016 daily sales results.

This podcast is supplemented by our May sales release issued today, June 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.

May 2016 had 21 selling days, one more than last year. For the month of May, daily sales increased 1 percent versus May 2015. These results included a 4 percentage point contribution from the Cromwell acquisition. Foreign exchange for the month was negligible. Excluding acquisitions, organic daily sales were down 3 percent driven by a 1 percentage point decline in volume, a 1 percentage point decline in price and a 1 percentage point headwind from the wildfires in Alberta.

Now let's turn our attention to sales results by segment. As a reminder, monthly sales history 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. Daily sales for the U.S. segment declined 3 percent, which included a 3 percentage point decline in volume and a 1 percentage point decline in price, partially offset by a 1 percentage point contribution from intercompany sales to Zoro. We believe that a portion of the volume decline was attributable to some short-term disruption from the realignment of the sales force to better match account managers with specific industry verticals. Price improved sequentially from April due to the price increase that began on May 1.

Sales performance by customer end market in May was as follows:

- Government, Light Manufacturing and Retail 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 low double digits;
- Resellers was down in the mid-teens and
- Natural Resources was down in the high teens.

In our Canadian segment, daily sales declined 20 percent in U.S. currency and were down 15 percent in local currency. The daily sales decline was driven by a 12 percentage point decline in volume and a 4 percentage point headwind from the fires in Alberta, partially offset by a 1 percentage point benefit from increased sales of seasonal products. The early May wildfires in Alberta resulted in the evacuation of the town of Fort McMurray, where Grainger has a large branch. The branch is about 115,000 square feet and represents approximately 10 percent of Canada's revenue. Fort McMurray is located in the oil sands region of Canada, where production of oil has been significantly reduced by the

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wildfires. Most local businesses are not yet fully operational. Customers in the oil sands have started to slowly resume production. Daily sales to all customer end markets except Government were down. Foreign exchange worsened sequentially because the Canadian dollar strengthened in May 2015 versus April 2015 and also weakened in May 2016 versus April 2016. From a geographic standpoint, daily sales in Alberta were down 25 percent in local currency, whereas sales in all other provinces in aggregate were down 11 percent versus the prior year.

Daily sales for our Other Businesses increased 44 percent in May, consisting of 29 percentage points from Cromwell, 14 percentage points from volume and price and a 1 percentage point benefit from foreign exchange. MonotaRO in Japan and Zoro in the United States continued to grow at a double-digit rate. In addition, the business in Mexico grew double digits in local currency.

Turning to June, the month will have 22 selling days, the same as last year. Company daily sales performance in June to date is about the same as the sales results reported for May.

Please mark your calendar for the following upcoming events:

1. On, Wednesday, June 15th at 11:00 a.m. EDT, Jim Ryan, Ron Jadin and DG Macpherson will present at the William Blair 36th Annual Growth Stock Conference in Chicago, IL. This event will be webcast.
2. We plan to report second quarter earnings on Tuesday, July 19th, 2016, at 7:30 a.m. EDT.



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If you have questions about May sales or any upcoming events, please contact Bill Chapman, Senior Director of Investor Relations at 847-535-0881; Michael Ferreter, Senior Manager of Investor Relations at 847-535-1439 or me at 847-535-0409. 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 which 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.