

## W.W. Grainger, Inc. and Subsidiaries

### CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands of dollars, except for share and per share amounts)

	For the Years Ended December 31,		
	2014	2013	2012
Net sales .....	\$9,964,953	\$9,437,758	\$8,950,045
Cost of merchandise sold .....	5,650,711	5,301,275	5,033,885
Gross profit .....	4,314,242	4,136,483	3,916,160
Warehousing, marketing and administrative expenses .....	2,967,125	2,839,629	2,785,035
Operating earnings .....	1,347,117	1,296,854	1,131,125
Other income and (expense):			
Interest income .....	2,068	3,234	2,660
Interest expense .....	(10,093)	(13,225)	(16,078)
Other non-operating income .....	483	2,732	1,866
Other non-operating expense .....	(5,189)	(1,996)	(1,784)
Total other income and (expense) .....	(12,731)	(9,255)	(13,336)
Earnings before income taxes .....	1,334,386	1,287,599	1,117,789
Income taxes .....	522,090	479,850	418,940
Net earnings .....	812,296	807,749	698,849
Less: Net earnings attributable to noncontrolling interest .....	10,567	10,713	8,968
Net earnings attributable to W.W. Grainger, Inc. ....	<u>\$ 801,729</u>	<u>\$ 797,036</u>	<u>\$ 689,881</u>
Earnings per share:			
Basic .....	<u>\$ 11.59</u>	<u>\$ 11.31</u>	<u>\$ 9.71</u>
Diluted .....	<u>\$ 11.45</u>	<u>\$ 11.13</u>	<u>\$ 9.52</u>
Weighted average number of shares			
Basic .....	<u>68,334,322</u>	<u>69,455,507</u>	<u>69,811,881</u>
Diluted .....	<u>69,205,744</u>	<u>70,576,432</u>	<u>71,181,733</u>

The accompanying notes are an integral part of these consolidated financial statements.