GRAINGER

FOR THE ONES WHO GET IT DONE

Our Strengths at Work

2015 FACT BOOK

Grainger Worldwide

(AS OF 12/31/14)	MRO MARKET SIZE*	MARKET SHARE	BRANCHES	DISTRIBUTION CENTERS	APPROXIMATE NUMBER OF CUSTOMERS SERVED IN 2014
United States Includes: Grainger Industrial Supply, E&R Industrial, Imperial Supplies, Techni-Tool, Zoro**	> $126 billion	6 percent	377	19	1,400,000
Canada Includes: Acklands–Grainger Inc., WFS Enterprises Inc.	> $13 billion	8 percent	181	6	40,000
Latin America Colombia, Costa Rica, Dominican Republic, Mexico, Panama, Peru, Puerto Rico***	> $18 billion	1 percent	34	3	54,000
Japan MonotaRO Co., Ltd.	> $43 billion	1 percent	0	2	627,000
Asia China, India	> $109 billion	< 1 percent	0	1	14,000
Europe Fabory: Belgium, Czech Republic, France, Hungary, The Netherlands, Poland, Portugal, Romania, Slovakia Zoro Europe: Germany	> $73 billion	< 1 percent	89	2	100,000
TOTAL	**> $380 billion**	**3 percent**	**681**	**33**	**More than 2,000,000**

* Estimated MRO market size where Grainger has operations. The worldwide MRO market is approximately $595 billion.
** For segment reporting, Zoro is included in Other Businesses.
*** Although Puerto Rico is a U.S. territory, the company manages this business as a part of Latin America.

Contents

FORWARD-LOOKING STATEMENTS

W.W. Grainger, Inc. is a business-to-business distributor of products used to maintain, repair and operate facilities. Millions of businesses and institutions worldwide rely on Grainger for products like safety gloves, ladders, motors and janitorial supplies and services like inventory management and technical expertise. These customers represent a broad collection of industries including healthcare, manufacturing, government and hospitality. They place orders over the phone, at local branches, online and using mobile devices. More than 4,500 key manufacturers supply Grainger with 1.4 million products made available to customers through Grainger's branches and distribution centers or sourced through a network of suppliers.

For more information on Grainger, visit www.grainger.com/investor.

(AS OF 12/31/14)

More than
2 million
active customers

$10 billion
in sales in 2014

1.4 million
products stocked

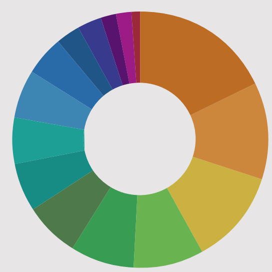
More than
4,500
key product suppliers

23,600
team members

2014 Sales (Total Company)

Customer Category

18%	Heavy Manufacturing
14%	Commercial
13%	Government
12%	Other
11%	Contractor
11%	Light Manufacturing
6%	Retail/Wholesale
6%	Transportation
5%	Natural Resources
4%	Reseller



Product Category

18%	Safety and Security
12%	Material Handling
12%	Metalworking
9%	Cleaning and Maintenance
8%	Pumps, Plumbing and Test Equipment
7%	Hand Tools
6%	Electrical
6%	HVAC
6%	Other
5%	Lighting
3%	Fluid Power
3%	Power Tools
2%	Motors
2%	Power Transmission
1%	Specialty Brands

Grainger's common stock is listed on the New York Stock Exchange under the trading symbol
GWW

43
consecutive years of dividend increases

2.1 million
shares repurchased in 2014

$816 million
in cash returned to shareholders in the form of dividends and share repurchases in 2014

23.4 percent
average annual total shareholder return (2010–2014)

ROIC of
31.2 percent
in 2014

Hardworking maintenance, repair and operating professionals are the backbone of the world's economies. Grainger's mission is to help these professionals keep their operations running and their people safe.

Grainger is North America's leading distributor of maintenance, repair and operating (MRO) products and services. These are the items that keep businesses running and help keep their people safe. Hardworking maintenance and operations professionals are the backbone of the world's economies, and they trust Grainger to provide them with the right products, services and solutions. Grainger's business is successful because it has the best team in the industry, backed by a strong foundation of supply chain and systems. This combination enables the company to deliver excellent service to more than two million customers.

Business models

Customers want a broad offering, reliable service and fair prices. But how they buy often correlates with the organization's size. Grainger has developed two business models to meet these differing needs.

The multichannel model is the cornerstone of Grainger's business and accounts for the majority of its sales. Grainger goes to market in the United States, Canada, Latin America and Europe through the multichannel model (see more on pages 10–15). This model primarily serves larger customers with complex operations and purchasing processes. It is characterized by sales coverage, local branches, eCommerce capabilities, catalogs and value-added services, such as inventory management solutions. Driven by deep relationships, the multichannel model enables larger customers to operate with the confidence that Grainger has them covered.

Grainger's Business Models

MULTICHANNEL

BRANCH NETWORK
Grainger has a network of more than 680 branches that provide localized inventory and great service.

SALES REPS
The company has more than 4,900 salespeople focused primarily on larger customers.

SERVICES
More than 1,200 people are on-site at customer locations providing a variety of services like inventory management.

CONTACT CENTERS
These centers handle about 36,000 calls and e-mails a day, offering general account support and specialized technical support.

WEBSITES
Internet Retailer has recognized Grainger as the 13th largest e-retailer in North America.

TABLET AND MOBILE
Smartphone and tablet applications connect Grainger customers who don't work at a desk. More than 15 percent of eCommerce traffic comes through mobile devices.

SINGLE CHANNEL ONLINE

WEBSITE, TABLET AND MOBILE
This model offers simplicity and a consistent, competitive price to help smaller customers quickly find product solutions.

Grainger's single channel online model started with MonotaRO in Japan in 2000 and expanded to the United States with the addition of Zoro in 2011. Zoro Europe began operations in 2014 (see more on pages 16–17). This model offers simplicity and a consistent, competitive price to help smaller customers quickly find product solutions. The model is attractive to customers who have less complex needs and require fewer interfaces and services.

Grainger is one of the few industrial distributors with deep experience in both the multichannel and single channel online business models. Creating a seamless customer experience across purchasing channels and multiple contact points in either business model is difficult. Grainger is a leader in its market because it has proven it can deliver excellent service in both models.

As more customers migrate to online shopping and ordering, Grainger has invested in mobile solutions to support how those customers want to buy.

Purchasing trends

As customer buying behavior evolves, Grainger anticipates those changing needs and responds with new initiatives and service offerings. Businesses are looking to reduce cost and drive productivity, including in their MRO purchases. Customers now apply the same tools used in lowering direct material costs to the acquisition of MRO products.

Grainger is well-positioned to benefit from this trend as follows:

- Customers are looking to reduce complexity by consolidating suppliers, which puts a premium on breadth of assortment.
- Customers are reducing inventory cost through just-in-time delivery, which requires suppliers to have the distribution capability to make product available more quickly by having more products in stock.
- The focus on purchase process efficiency is driving significant customer investments in eCommerce, which Grainger has matched with its own investments.
- Customers are pushing more tasks to their suppliers, which drives expansion of services like inventory management and other on-site services.
- Customers are thinking about the total cost of procurement and are looking to optimize their inventory through efficiency. They require more technical support, driving suppliers to offer more technical expertise.

Because of its scale, broad product offering and suite of services, Grainger is well-equipped to be the supplier of choice for both large, complex customers as well as smaller, less-complex customers.

Priorities for 2015

Grainger is focused on four priorities:

First is to accelerate share gains in businesses of all sizes. For larger customers, that means additional investments in eCommerce, sellers, inventory management, an expanded product offering and services targeted at the shop floor. Grainger also plans to accelerate growth in the single channel online model in Japan, the United States and Europe.

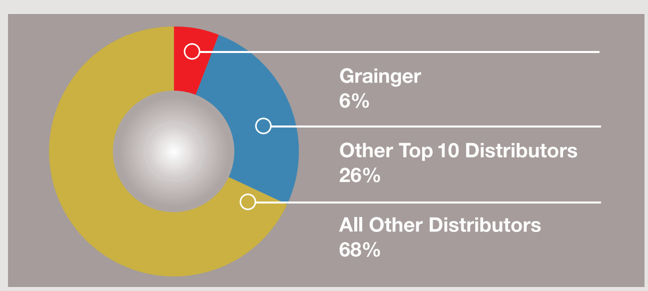
Second is to drive productivity improvement to fund growth. Low inflation will continue to pressure gross profit margins, creating opportunities to better leverage expenses. Grainger is stepping up efforts to achieve efficiencies, reduce cost, deliver better service, fund more aggressive growth spending and expand operating margins.

The third is to build on its advantaged foundation and scale by investing in supply chain and IT systems in North America. These investments will add capacity, improve service and enhance productivity. Another aspect of a strong foundation is having best team in the industry to serve customers.

Fourth is to continue to generate strong shareholder returns. Grainger remains a strong producer of operating cash flow and has consistently returned about two-thirds of cash to shareholders, with one-third reinvested in the business. The company also strives to be responsible stewards by making business decisions with a long-term view to ensure the financial health of the company and to honor commitments to team members, shareholders, customers and communities.

The MRO market is highly fragmented, and Grainger is well-positioned to steadily gain market share. The company has the products and services that address the needs of large, complex customers, and it has the single channel expertise to serve smaller customers the way they like to buy.

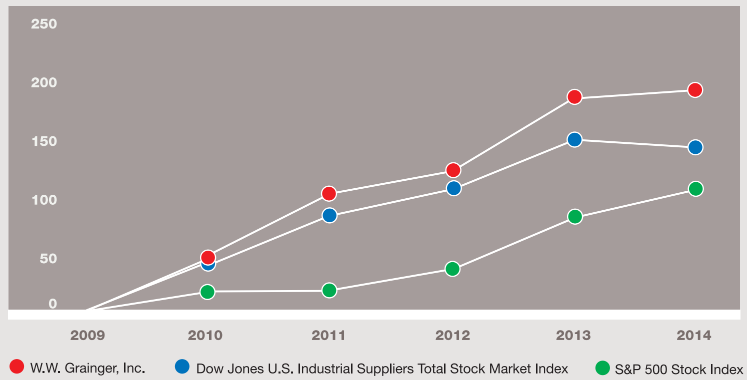
Market Fragmentation
North America



The MRO market is highly fragmented, and Grainger is well-positioned to steadily gain market share.

Grainger has a distinctive track record of delivering strong returns to shareholders. From 2010 to 2014, Grainger's market value more than doubled from $7 billion to $17 billion. Excellent customer service, a focus on top line growth, market share gains, margin expansion and a strong balance sheet all contribute to Grainger's success.

Comparison of Five-Year Cumulative Total Return
Percent



Grainger's aspiration is to deliver top quartile returns to shareholders. For the five-year period ending 2014, Grainger generated a 23.4 percent average annual total shareholder return. For the same period, the cumulative total shareholder return was 186 percent. This performance places Grainger in the top quartile among companies in the S&P 500.

Margin expansion

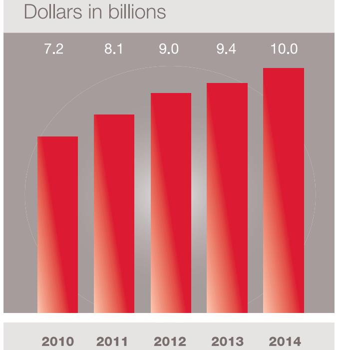
Over a cycle, Grainger targets average annual operating margin expansion of 30 to 60 basis points, driven by mid- to high single digit organic sales growth and continued improvements in productivity across the organization. The company has increased operating margins by nearly 300 basis points during the past five years. During that period, most of the improvement has come from gross margin expansion. Grainger has a strong history of leveraging its purchasing scale to drive improvements in gross profit margin.

However, the company currently faces headwinds to gross margin expansion, including low inflation, foreign exchange and growing sales to lower-margin customers. Going forward, Grainger is focused on better expense leverage, particularly given the current low inflationary environment.

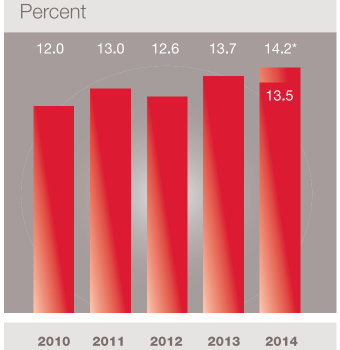
Driving productivity to better leverage operating expenses will help to fund growth programs and improve operating margins. In addition to continued supply chain and overhead cost leverage, the U.S. business is finding ways to make sellers more productive and ensure that KeepStock® service offerings are more profitable. Consolidating the number of contact center locations provides efficiency in service and training. The company also proactively manages the profitability of its branch network.

An initiative to improve indirect procurement is expected to bring $20 million to $25 million of savings in 2015, using strategic sourcing and advanced analytics to strengthen procurement capabilities. From cell

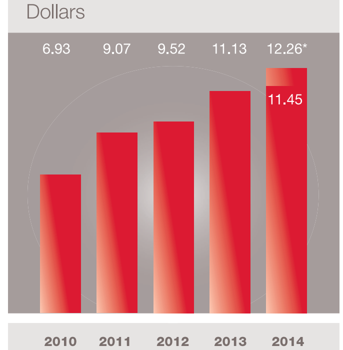
Sales
Dollars in billions



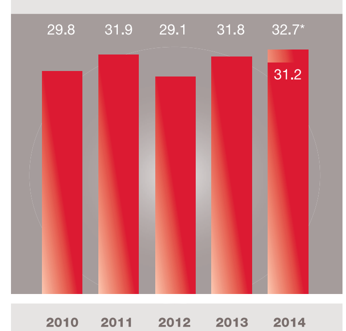
Operating Margin
Percent



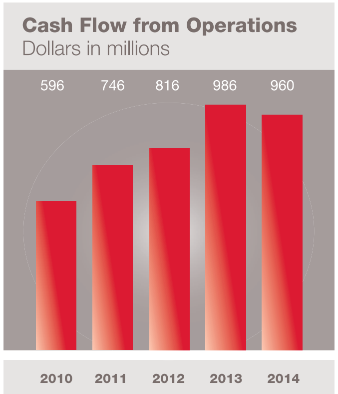
Earnings per Share – Diluted
Dollars

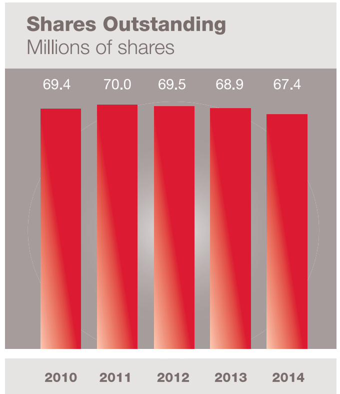


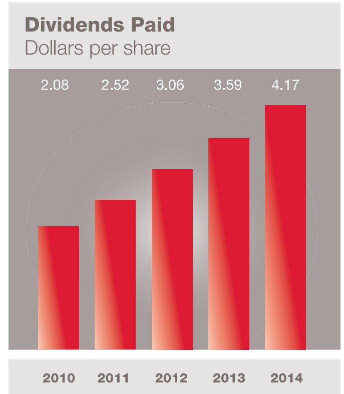
Return on Invested Capital**
Percent



* Lower number represents reported figure; upper number represents adjusted figure, which excludes adjustments as reported by the company in its 2014 earnings releases.
** See definition on page 25.







phones to landscaping, the company sees opportunities to leverage its scale to better purchase these goods and services. The goal is world class procurement capabilities with the skills, tools and methodologies to deliver sustainable value.

Capital structure

Grainger maintains a debt ratio and liquidity position that provides flexibility in funding working capital needs and long-term cash requirements. In addition to internally generated funds, Grainger has various sources of financing available, including bank borrowings under lines of credit. The company is open to taking on additional debt but intends to remain a Tier 1 commercial paper issuer.

Working capital management

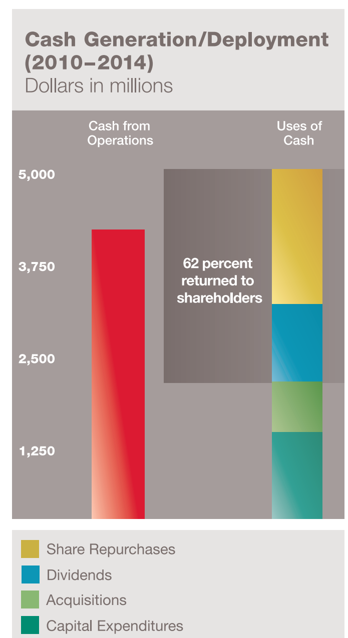
Operational efficiency for distributors leads to strong working capital. Grainger's working capital management is an important source of its strong cash flow and the result of continued investments in supply chain and infrastructure. Two of the largest assets on the balance sheet are inventories and accounts receivable. Managing these assets effectively puts Grainger in position to generate cash and strengthen its financial position. The current supply chain and IT investments have the potential to improve inventory management, particularly in Canada. At the same time, the company has selectively used extended payment terms for very large customers, contributing to slightly higher days sales outstanding.

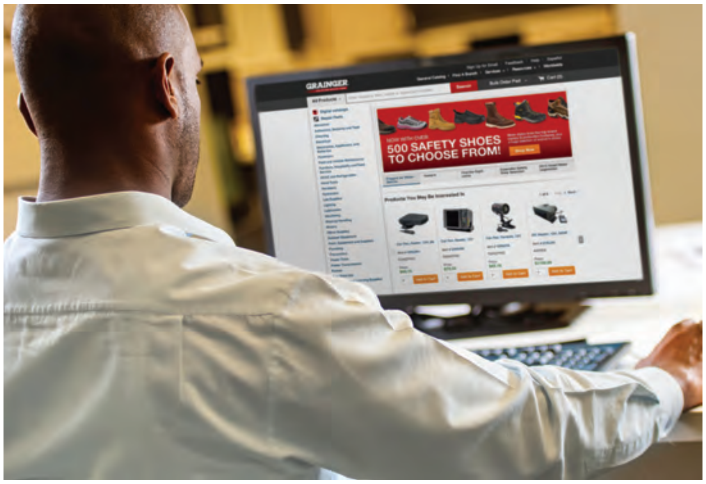
Cash flow

Grainger has a history of strong cash flow generation. Through earnings growth and strong working capital management, the company has increased cash flow during the past several years. In 2014, Grainger reported cash flow from operations of $960 million. Despite substantial product additions, inventory turns have remained stable, allowing for continued strong cash flow generation.

Grainger has traditionally returned about two-thirds of operating cash flow to shareholders through dividends and share repurchases. The company increased its quarterly dividend 16 percent in April 2014, marking the 43rd consecutive year of increased dividends. Since 2010, the average annual dividend increase has been 19 percent. In 2014, the company paid $291 million in dividends and repurchased $525 million worth of stock. Since 2010, the company has reduced common shares outstanding by 3 percent, from 69.4 million to 67.4 million. Furthermore, since 1984, when the share repurchase program began, Grainger has reduced shares outstanding by 42 percent.

Grainger targets the other one-third of operating cash flow for investment in the business. Although the percentage designated for capital remains steady on an aggregate basis, the dollar value of capital investment has grown over time as cash flow has increased. While capital investment in individual years can increase or decrease based on specific projects, the long-term average has approximated one-third of operating cash flow. Recent projects include new distribution centers, IT systems and eCommerce investments.





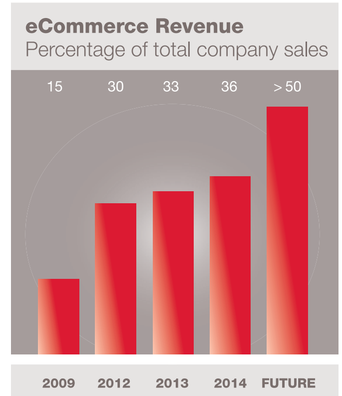
Grainger is the 13th largest e-retailer in North America, according to Internet Retailer.

Investing for growth positions Grainger to drive success with its multichannel and single channel online models. On average, share gain has annually contributed 200 to 300 basis points to overall top line growth over the past five years. Success with these programs and initiatives builds upon existing strengths and will improve the future of the business.

eCommerce

Grainger's leadership in eCommerce began with the industry's first commerce-enabled website in 1996. Today, Grainger is the 13th largest e-retailer in North America, according to Internet Retailer. On average, an eCommerce transaction is modestly more profitable than a non-eCommerce transaction. The customer completes the data entry, orders tend to have a higher average order size and those orders are primarily shipped from distribution centers, bypassing the branch network.

Grainger continues to add features to its website that improve the user experience. Type-ahead functionality and other search enhancements help customers navigate to the product they want. Online invoices and order history lookup allow customers to access order information wherever and whenever they desire.

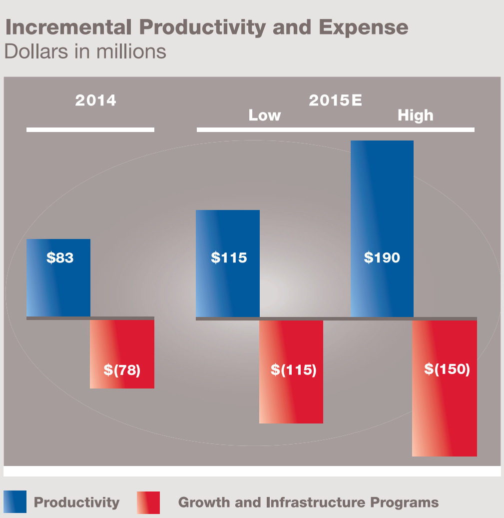


The eProcurement (ePro) tool is a client-specific, customized connection allowing multiple purchasers within a single organization to order from Grainger. ePro benefits Grainger and the customer because it automates complex data interchanges and increases customer penetration and loyalty.

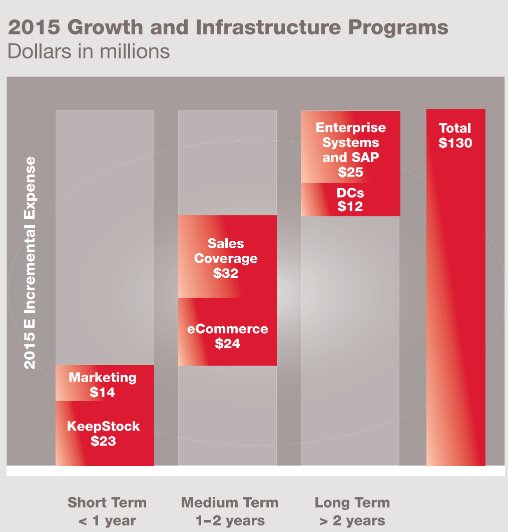
In 2015, Grainger plans to focus on enhancements to search capabilities, adding more self-service management tools and introducing new functionality for ePro.

Mobile

With many end users performing their jobs away from a desk, mobile functionality is critical to serve customers where they work. More than 15 percent of Grainger's eCommerce traffic comes through mobile devices, which includes product searches, orders and orders submitted for approval. Grainger continues to add features to its mobile app, including live chat with an expert and location-based lists, which will help technicians easily identify products used at individual customer sites.



Note: As of 1/26/15.



Note: As of 1/26/15. The $130 million is the approximate midpoint of the $115 million to $150 million range.

Grainger is focused on expense leverage opportunities to drive productivity. Those savings fund the growth programs and infrastructure investments listed in the chart. Grainger's scale allows it to make significant investments that many smaller competitors cannot match.

Sales force expansion

Grainger knows the importance of a sales representative, especially to larger customers who seek solutions and services beyond just products. The company currently has almost 4,300 sellers in North America calling on customers and plans to add about 1,000 additional sellers of all types over the next three to five years. In the United States, National Sales Managers call on large corporate customers, Account Managers are focused on large customers and Territory Sales Representatives cover medium-sized customers in a specific geographic area. Through productivity efforts, sellers are expected to get more efficient, spending less time on administrative tasks and more time with customers.

Verticalization

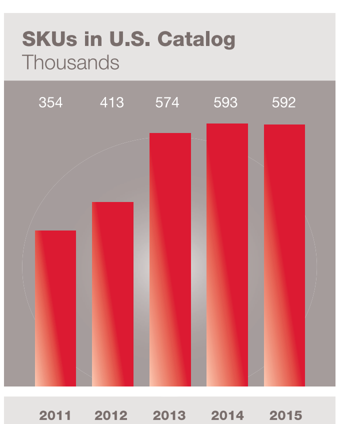
With thousands of sellers, Grainger has the scale to specialize its sales force. Specialized sellers have a better understanding of their industries and can add more value to the customer, leading to a stickier relationship. Sectors of vertical sales alignment include government, healthcare, manufacturing and natural resources. In the case of natural resources, Grainger has leveraged the oil and gas knowledge of the Acklands–Grainger team to assist specialized sellers in the United States.

Inventory management

Inventory management solutions help customers save time and money, and Grainger offers a suite of solutions known as KeepStock.® Customers benefit from reduced transaction costs, lower inventory carrying costs and automated ordering processes. Installation types include customer-managed inventory, vendor-managed inventory and secure machines (vending). In the United States, Grainger's KeepStock program provides services to more than 18,000 customers at more than 33,000 separate customer locations.

Product line expansion

Experience has shown that having a broad offering of products makes it easier for Grainger's customers to consolidate suppliers, knowing with confidence that the right products will be available. Grainger has increased its U.S. catalog offering more than seven-fold from 82,000 SKUs in 2005 to more than 592,000 SKUs in the 2015 edition, including 32,000 new items. Grainger.com® in the United States offers access to 1.5 million SKUs.



Recent acquisitions have helped Grainger be more relevant on the plant floor including safety offerings. The Grainger Shoemobile visits customer locations to provide safety footwear on-site.

Mergers and acquisitions

Grainger's North American acquisitions are designed to strategically add new capabilities to help drive organic growth. They also help the company diversify its customer base by reaching new customers through deeper expertise. Recent acquisitions have enabled the company to be more relevant on the plant floor with technical capabilities in areas like manufacturing and safety. Grainger looks to acquire distributors with complementary strengths, allowing for knowledge transfer that extends the company's product and service offering and technical expertise.

Grainger's growth drivers are designed to meet the diverse needs of all customers. The success of these programs allows Grainger to accelerate its penetration of existing customers and gain share of wallet.

China

Grainger has strategically chosen to compete in certain emerging markets, including China, to be positioned for future growth.

Unlike North America, the competitive environment in China doesn't include large, industrial distributors, partially due to the well-developed local market model for MRO products. As a result, Grainger has evolved from a business model of outside sellers to a model that's more focused on inside sales to reach large multinational companies. Grainger also launched an eCommerce initiative, based on strengths from the single channel online model businesses MonotaRO and Zoro (see more on pages 16–17).

While early, this business shows promise and is expected to break even in 2015. Going forward, Grainger is poised to have a profitable business in China that can grow as the MRO potential of the economy matures.

Grainger's supply chain is one of its biggest competitive advantages. It provides a strong foundation to:

- Provide customers with an advantaged service offering by having the right product in the right place at the right time;
- Deliver this service at a competitive price to customers and cost to Grainger, including product and transportation costs and
- Build for the future, helping Grainger to meet customer needs for the long term.

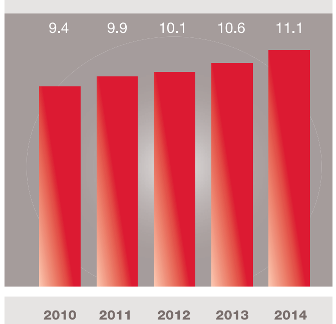
With the ongoing trend of supplier consolidation, Grainger is committed to being its customers' supplier of choice by increasing the number of items stocked. Grainger has grown its stocked assortment in the United States for the past 10 years. Availability, the percent of time a product is in stock, has remained at nearly 100 percent even while increasing the product line seven-fold, illustrating Grainger's consistent service experience enabled by the supply chain foundation.

There are a number of drivers to this performance. Grainger has made significant improvements in reading demand signals and managing inventory across the network. The percent of excess and obsolete inventory dropped as Grainger worked with suppliers and analyzed data to ensure fast-moving inventory flows through the system. Furthermore, Grainger's more than 4,500 key product suppliers work diligently to ensure consistent and reliable service, increasing the speed at which products move through the supply chain.

Grainger Global Sourcing

Adding private label products is a key opportunity for Grainger. In 2014, private label products represented 22 percent of company sales. These exclusive brands — which include Dayton®, Westward®, LumaPro® and Tough Guy® — offer customers high-quality options at generally lower price points, while providing Grainger with stronger gross profit margins.

Sales Procured Through Global Sourcing
Percent of total company sales



The engine behind much of the company's private label offering is Grainger Global Sourcing (GGS), which works with 700 suppliers in 30 countries to provide Grainger's businesses with access to approximately 70,000 high-quality products. GGS is a powerful lever to improve gross profit. In 2014, sales of product procured by the GGS operation exceeded $1 billion.

Exclusive brands like Tough Guy® are a high-quality option for customers that provide stronger gross profit margins for the company.

To reduce cycle time and ensure quality, GGS continues to add technical and inspection capabilities in its China operations and recently opened a state-of-the-art engineering lab near Chicago. At the same time, GGS continually evaluates its supply network to help minimize risk and ensure access to low-cost products throughout the world.

Global purchasing

As part of Grainger's efforts to improve its cost structure, the company has an ongoing global product line review process, resulting in $10 million in annual savings. Fasteners were the first global category, leveraging the engineering, purchasing and sourcing capabilities of Fabory, the fastener business in Europe. To date, more than 3,000 new fastener SKUs have launched. In 2014, the company realized cost savings in the fastener category of more than 40 percent, compared to the purchase price in 2013. The company expects this program to expand into other product lines in the future.

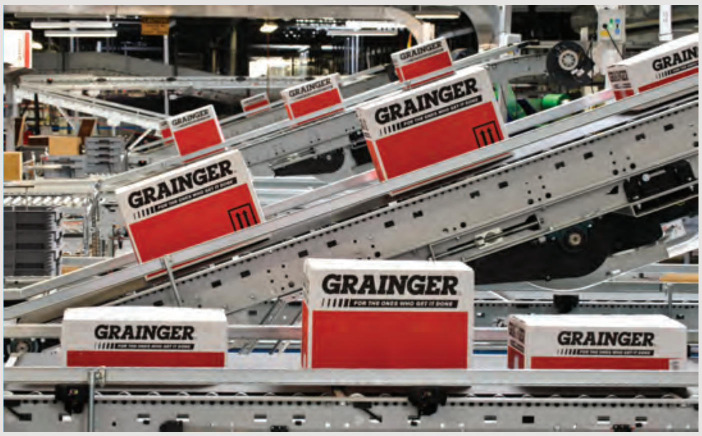
Systems and technology

Part of creating an advantaged supply chain foundation is making sure systems have the capability and capacity to support growth. Technology investments should continue to give Grainger a competitive edge, including:

- Extending the U.S. system of SAP to Canada and Mexico in 2015;
- Upgrading core supply chain technologies including product information, warehouse, inventory and transportation systems, driving productivity and service gains;
- Launching a new customer relationship management system to enable frontline team members to better serve customers and
- Improving customer information to make the pick, pack and ship process more efficient.

North American distribution network

A critical part of Grainger's foundation lies with its distribution network. In North America, the company can reach more than 95 percent of customers via next day ground transportation. Grainger continues to make significant investments to extend this competitive lead, such as in its Greenville, S.C., distribution center, where efforts are under way to significantly increase the storage capacity of the building and enhance throughput.



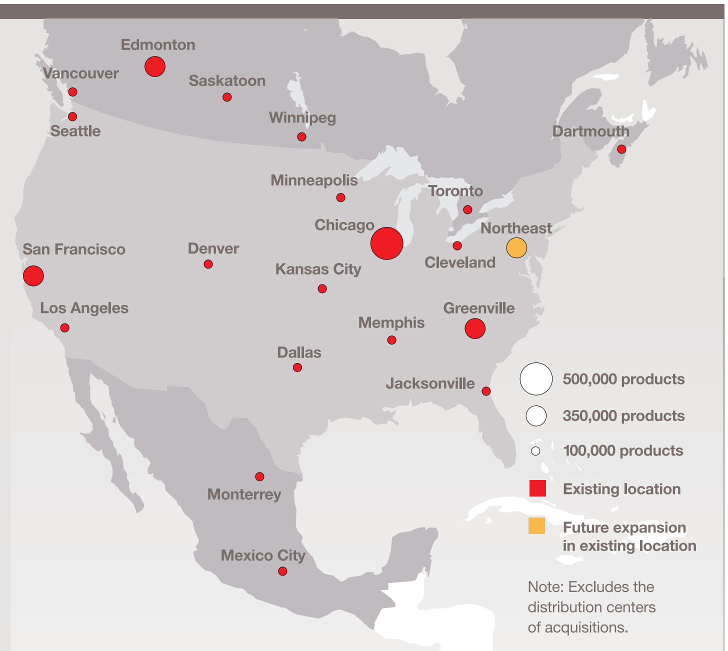
Grainger is capable of reaching more than 95 percent of customers in North America via next day ground transportation, thanks to its extensive distribution network.

The newest distribution centers (DCs) — located in San Francisco (820,000 square feet) and Illinois (1 million square feet) — have enabled Grainger to meet demand on the West Coast and in the Midwest with a broader assortment and improved lead times. The Illinois DC contains a state-of-the-art automated goods-to-person system. The building houses up to 550,000 SKUs and also serves as the network's central stocking point, including slower-moving products.

The Illinois DC, San Francisco DC and Greenville DC are the company's largest distribution centers and fulfill roughly half of customer volume. They also serve the international and export operations, as well as Zoro in the United States (see more on pages 16–17).

Northeast DC

Grainger is building a 1.3 million square-foot distribution center in New Jersey that will house more than 350,000 SKUs, feature state-of-the-art automation and be built to LEED certified standards. This property is optimally located to allow Grainger to get more products next-day to customers in the Northeast. Not only will this facility increase storage capacity, it will also have the highest throughput of any building in the network when it opens in 2016. This facility will be twice the size of the distribution center it is replacing.



Canadian investments

Investments in Canada's distribution network will ultimately allow the majority of shipments to go directly to customers, as opposed to the current model where product is shipped from a distribution center to a branch and then to the customer. Shipping orders from centralized distribution centers offers better service levels for the customer, productivity savings for the company and better working capital management.

Acklands–Grainger opened a 535,000 square-foot distribution center outside of Toronto in early 2015, with a storage capacity for 150,000 SKUs. In western Canada, a 112,000 square-foot branch in Fort McMurray, Alberta, opened in early 2015. The branch will better serve the market with inventory tailored to meet customers' petrochemical and safety needs.

Acklands–Grainger opened a 535,000 square-foot distribution center outside of Toronto in early 2015.

From safety to metalworking and more, Grainger's technical specialists consult with customers on specific needs and provide tailored solutions.

Grainger is the trusted MRO partner of more than 1.4 million customers across the United States. That trust has been earned through generations of proven service and customer focus that is unmatched in the industry. This has helped Grainger become the leading MRO supplier with 6 percent share of an estimated $126 billion market.

Branches, sales representatives, technical experts, eCommerce and inventory management solutions are just a few of the ways Grainger reaches customers. Grainger continues to invest and evolve its channels to ensure it is meeting customer needs.

Service

Grainger's U.S. branch network and contact centers play a critical role in providing customers immediate access to, and information about, needed products. There are more than 370 branch locations stocked with market-specific inventory to help meet just-in-time and emergency needs of local businesses. As more customer purchasing has shifted online, Grainger has reduced its branch network while maintaining customer service levels. Grainger's contact centers provide online and phone customers with 24/7 assistance that includes order support, technical product expertise and online support through the company's Click to Call/Chat capabilities on Grainger.com® and the iPhone app.

Sales force

Grainger's more than 3,500 U.S. sales representatives partner with customers to understand their needs and provide the right mix of products, services and solutions. Focused on larger customers, Grainger's sales staffing includes specialized support to segments including commercial, healthcare, government and manufacturing. Sellers help customers better manage their MRO inventory and reduce their total cost of procurement. Over the past five years, Grainger has expanded its U.S. sales force by 46 percent.

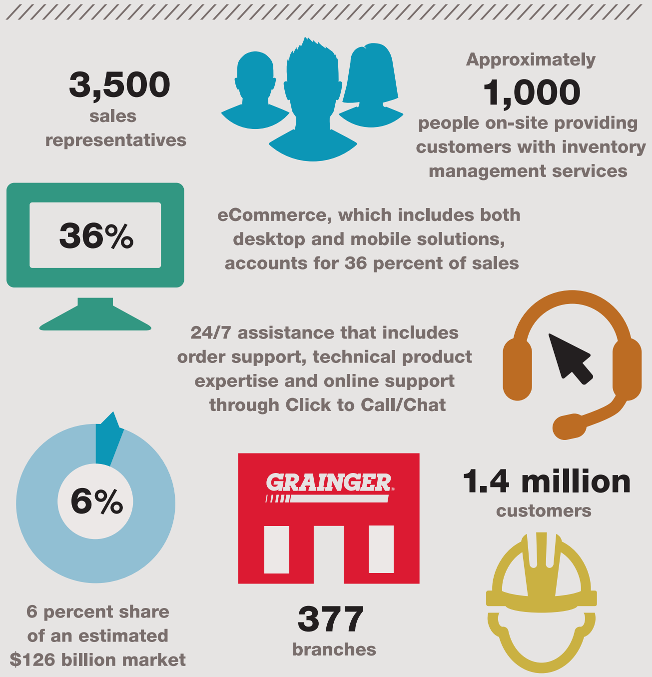
Technical expertise

For customers who require a higher level of technical expertise, Grainger sellers can leverage a network of trained specialists. From safety to metalworking, these specialists consult with customers on specific needs to provide tailored solutions. In addition to specialists, Grainger has recently expanded its safety and manufacturing expertise through targeted acquisitions that help expand Grainger's support of the plant floor, including Techni-Tool and E&R Industrial. Safety Solutions, which was integrated into Grainger in 2015, has helped Grainger expand its safety footwear offering.

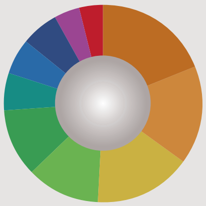
eCommerce and mobile

Grainger's eCommerce offering helps customers improve productivity while lowering costs. Today, the eCommerce platform, which includes desktop, mobile and tablet solutions, accounts for 36 percent of U.S. sales. Grainger is the 13th largest e-retailer in North America according to Internet Retailer. Customers who purchase via online channels tend

United States at a Glance

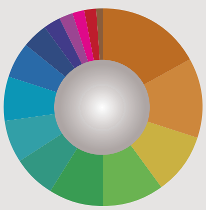


2014 Sales by Customer Category – United States

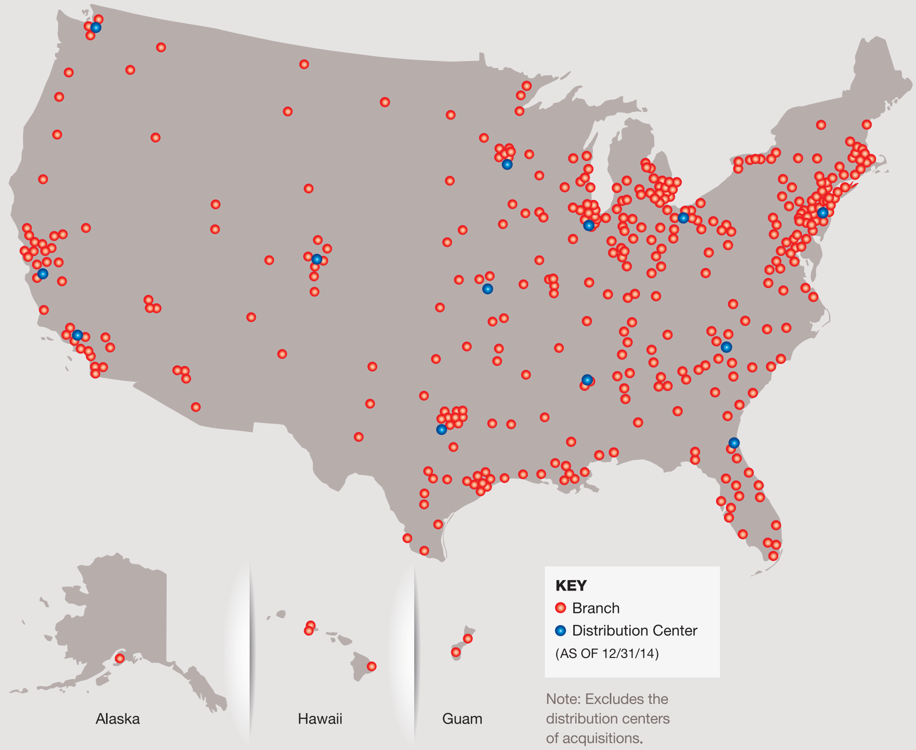


- 19% Heavy Manufacturing
- 16% Commercial
- 16% Government
- 12% Light Manufacturing
- 11% Contractor
- 6% Other
- 6% Retail
- 6% Transportation
- 4% Natural Resources
- 4% Reseller

2014 Sales by Product Category – United States



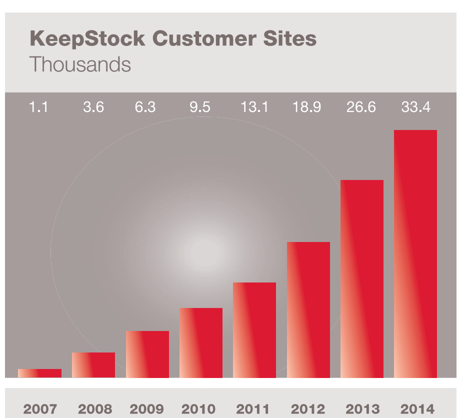
- 17% Safety and Security
- 13% Material Handling
- 10% Cleaning and Maintenance
- 10% Metalworking
- 9% Pumps, Plumbing and Test Equipment
- 7% Electrical
- 7% Hand Tools
- 7% HVAC
- 6% Lighting
- 4% Fluid Power
- 3% Power Tools
- 2% Motors
- 2% Power Transmission
- 2% Specialty Brands
- 1% Other

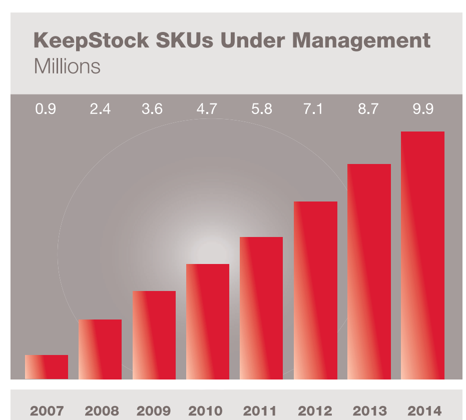


to have a higher average order size, and these transactions generally are more profitable. In 2014, Grainger completed the rollout of its new website platform to all U.S. customers. In 2015, the company plans to continue to enhance its mobile applications including improved search functionality and location-based lists, which will help technicians easily identify products used at individual customer sites.

Inventory management

Grainger provides a variety of customer-managed and vendor-managed inventory solutions to meet customers' specific needs as part of its KeepStock® program. KeepStock solutions help customers reduce their inventory management costs by automating a typically complex process. Sales to customers with a KeepStock installation grow at more than two times the rate of customers without the service. In the United States, Grainger's KeepStock program provides services to more than 18,000 customers at more than 33,000 separate customer locations.



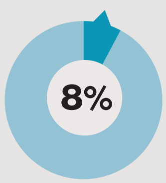


The KeepStock inventory management program includes customer-managed inventory, vendor-managed inventory and secure machines (vending).

Acklands–Grainger has been serving customers in Canada for more than 125 years.

Canada at a Glance

2,800
team members



8 percent share of an estimated $13 billion market

Founding partner with the Canadian Red Cross for the Ready When the Time Comes® program

Since 2000, Acklands–Grainger has raised more than
$2.2 million
for agencies funded by the United Way across Canada

Winner of back-to-back awards for supplier of the year from customers

181
branches

Acklands–Grainger has been recognized by Waterstone Human Capital as one of Canada's 10 Most Admired Cultures since 2009

Acklands–Grainger Inc. is the company's highest market share business, with 8 percent share. It is also Grainger's oldest business, founded more than 125 years ago. With a history of adapting from the horse and buggy to the auto and beyond, Acklands–Grainger is well-versed in the change that will help strengthen its service to customers.

History

In many ways, the mission and culture of the business founded by Dudley Ackland in 1889 mirror those of Grainger, with an emphasis on helping customers get what they need when they need it. Grainger acquired Acklands in 1996, and Acklands–Grainger has grown into a $1 billion business and is Canada's largest distributor of industrial, safety and fastener products.

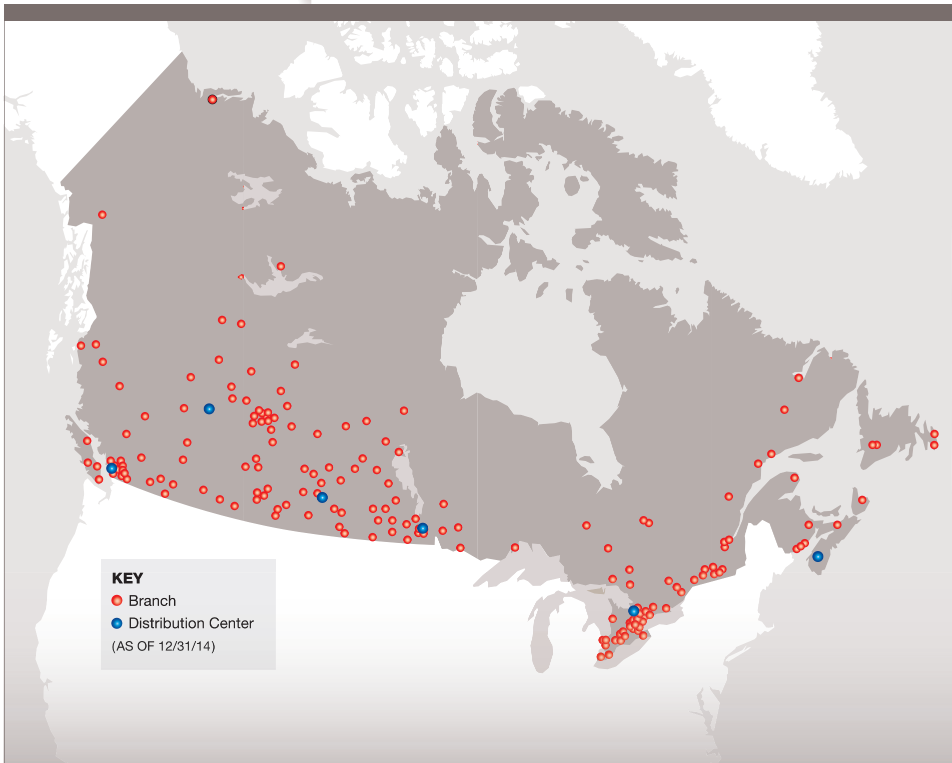
Over the past 10 years, the business has had strong revenue growth, driven by product expansion, technical services, private label products, inventory management and eCommerce. Now, significant investments are being made to upgrade the distribution center network and enterprise systems to allow the business to improve service and perform more efficiently. The investments are merited through the growth of the business and appropriately sized to the Canadian market. With an estimated $13 billion MRO market potential in Canada, there are still many opportunities to grow.

Investments

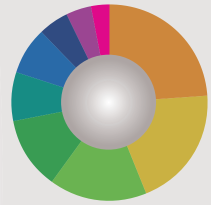
Acklands–Grainger is reconfiguring its supply chain, creating opportunities to increase product breadth and support growth initiatives. The vast majority of products currently go from a distribution center to a branch and then to the customer. Expanding capacity and installing new systems will allow Acklands–Grainger to ship directly from distribution centers to customers and increase the availability of products.

In the first quarter of 2015, Acklands–Grainger began shipping from its new LEED certified distribution center outside of Toronto. The distribution center is 535,000 square feet, two and a half times larger than the facility it replaced, with a storage capacity for 150,000 SKUs. The building doubles throughput capacity in the Ontario and eastern Canada region. Increasing capacity and the service offering is expected to contribute to boosting Acklands–Grainger's relatively low share in eastern Canada.

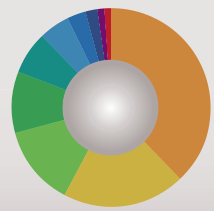
In western Canada, Acklands–Grainger opened a new facility in Fort McMurray, Alberta, in the first quarter of 2015, representing the highest volume branch in the Grainger network. The 112,000 square-foot facility is designed to better serve the needs of customers in the market with more than four times the prior inventory.



2014 Sales by Customer Category – Canada



2014 Sales by Product Category – Canada



Investments in technology systems will enable improved service with integrated data and standard processes. A new warehouse management system was installed in four of the six distribution centers in 2014, and the remaining two are scheduled to be completed in the first half of 2015. Installation of the U.S. system of SAP is planned in 2015. Being on the same technology platform as the U.S. business will allow more efficiency and greater sharing of information among the North American businesses.

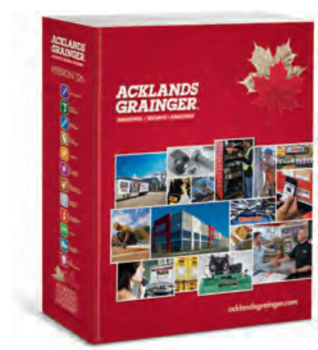
Acquisitions and services

In September 2014, Acklands–Grainger acquired WFS Enterprises Inc., a major broad line distributor in southwest Ontario focused on the manufacturing sector. The acquisition of WFS helps bring scale and should accelerate expansion in eastern Canada. WFS was Acklands–Grainger's biggest acquisition to date and represents significant potential to grow share in the greater Toronto area. The combination will create greater value for customers through a broader product offering and additional solutions and technical expertise relevant to the manufacturing sector.

Services are an important and growing part of the offering. Acklands–Grainger is an MRO leader in Canada for eCommerce and inventory management solutions. The company continues to invest in these offerings, and they are an important part of its success in Canada. KeepStock® solutions help customers increase efficiency and lower overall costs by ensuring they have the right inventory in the right location where they need it and by providing controlled access to high volume supplies.

Early in 2015, Canada's economy continued to be affected by the slowdown in the oil and gas industry. In addition, the Canadian dollar weakened against the U.S. dollar. Grainger is committed to realizing the long-term potential of the Canadian business, while managing the short-term headwinds.

Acklands–Grainger has a long history of service, leadership and success in Canada. The investments in facilities and systems will strengthen the foundation of the business. When the investments in IT and the supply chain are complete, the Canadian business will be better able to serve customers and drive productivity improvements. While operating margins will be pressured in the short term, ultimately the investments are necessary to improve service to customers and provide business efficiency for many years to come.



Acklands–Grainger publishes its catalog each year in both English and French (pictured).

Grainger Mexico serves customers through its catalog that features 120,000 products.

Grainger Mexico leverages the advantages of its multichannel model to build scale and deliver outstanding service to its customers. Started in 1996, it is now a nearly $140 million business in an $11 billion MRO market. Through a network of 19 branches and two distribution centers, the business can reach 94 percent of MRO customers nationwide within 48 hours.

Grainger Mexico drives growth through a focus on key customer sectors like manufacturing, automotive, food and beverage, petrochemical and hospitality. Initiatives to support these customers include product line expansion, an increase in sales representatives and improvements to eCommerce.

Product line expansion remains an effective growth driver for Grainger Mexico. Total sales increased 11 percent in local currency in 2014, and new products represented more than half of the overall growth. In 2014, Grainger Mexico released a new catalog with 120,000 products, including 11,000 new products available in the catalog and online. Taking advantage of cross-border collaboration with the U.S. business, Grainger Mexico now offers nearly 150,000 products online, a 24 percent increase over the prior year.

Private label products have also come to represent an important part of the product offering. Sales of private label products represented 18 percent of total sales in 2014 and generally carry higher gross profit margins and lower prices for customers.

Similar to the United States, Grainger Mexico is adding more sales representatives, including those with specific industry expertise. Specialized sellers can provide better service through deeper knowledge of a customer's specific business and industry. Grainger Mexico's broad product offering also supports better service to more diverse customer sectors. At the end of 2014, there were more than 150 specialized sellers for key customer end markets. The business is focused on improving seller productivity through a coaching program and consultative training.

The use of eProcurement helps to grow the eCommerce channel, which represented 22 percent of sales in 2014. The KeepStock® inventory management program allows Grainger Mexico to identify customers' individual needs and create customized solutions. Installed vending machine capacity in 2014 increased by 300 percent compared to the prior year, while the number of customers serviced doubled.

In 2015, Grainger Mexico expects to implement the U.S. system of SAP. Being on the same system will increase efficiency and information sharing among the North American businesses and improve standard processes.

Mexico at a Glance

19 branches

GRAINGER

Private label products represented **18%** of total sales in 2014

Grainger Mexico now offers almost **150,000** products online...

...a 24 percent increase over the prior year

24%

Latin American Presence

Grainger also has operations in six Latin American markets:

- **Colombia**
- **Costa Rica**
- **Dominican Republic**
- **Panama**
- **Peru**
- **Puerto Rico**

Fabory, based in the Netherlands, was acquired by Grainger in 2011. Given its size, infrastructure and high GDP per capita, Europe is arguably the most attractive MRO market outside of North America. Known as the "Masters in Fasteners," Fabory operates as a specialist in fasteners, with more than 110,000 fastener SKUs and other MRO products. This business serves MRO professionals, original equipment manufacturers (OEMs) and technical wholesalers.

Fabory offers a high level of technical expertise and innovative services, and its quality system meets the requirements of the most demanding OEM customers. With distribution centers in eastern and western Europe and its network of shops, this business offers industry-leading service levels across its product assortment. Fabory uses its multichannel model to serve about 100,000 customers with sales representatives, shops and the new fabory.com website, capable of supporting 17 languages. The website now uses the same type of core platform as Grainger.com,® leveraging technical resources from the United States and creating shared knowledge across businesses.

Fabory has been a pioneer in the development of inventory management solutions. Since its development of a vendor-managed inventory program more than 20 years ago, Fabory has continued to deliver innovative logistical solutions, such as the optical-bin, two-bin and recently introduced RFID system.

New functionality at fabory.com

- Real time price and availability
- Full price disclosure including taxes
- Easier to use registration process
- Improved search functionality
- Enhanced product content and images
- Unified content management and search systems

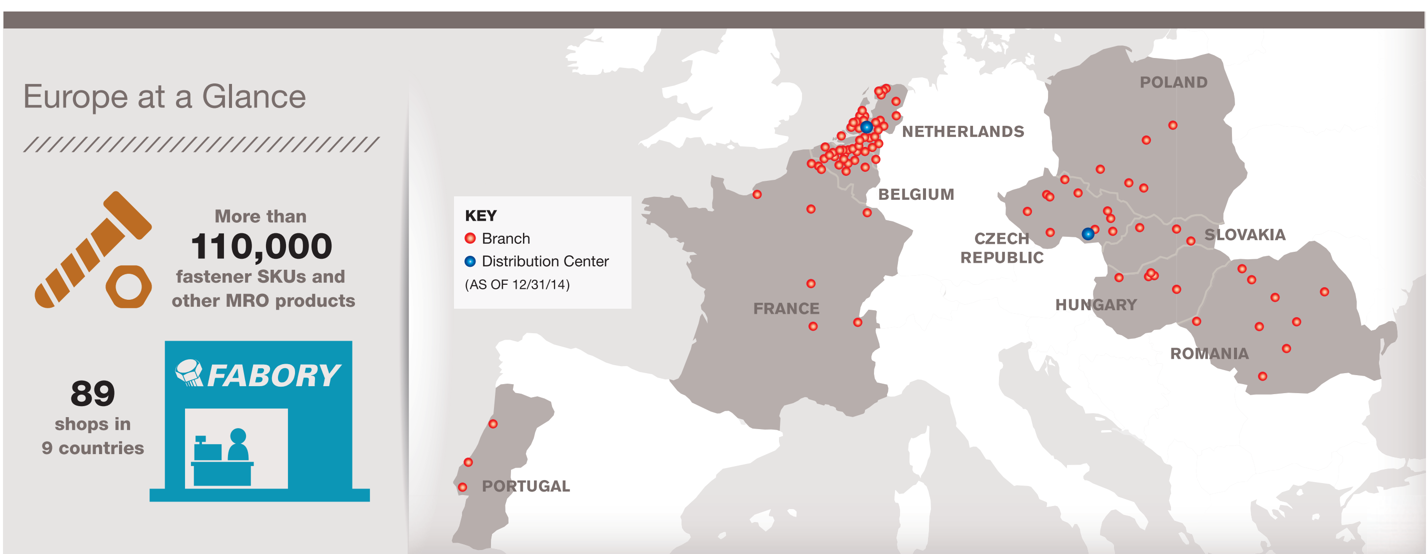
Original equipment manufacturers in Europe count on Fabory for fasteners and other MRO products.

Since the acquisition in 2011, the economy in Europe has been in recession; the weakness has been particularly acute in Belgium and the Netherlands, where Fabory is concentrated. In 2014, Grainger announced a plan to restructure this business to strengthen performance. It is expected that Fabory will break even in 2015 and reach profitability in 2016.

Elements of the improvement plan include the following:

- Leveraging Fabory's leadership position in the highly profitable fastener space;
- Improving sales force effectiveness and sales coverage models;
- Closing unprofitable and underperforming shops and
- Enhancing eCommerce capabilities.

Fabory's expertise in its core product line of fasteners is a strength of the business as it continues to weather the sluggish economy in Europe.

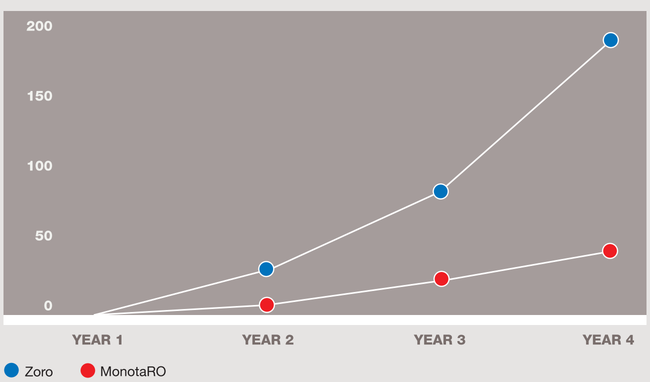


Smaller customers, such as auto glass tinters, use Zoro to buy the products they need in a simplified, online setting.

Most of Grainger's business in North America comes from serving the complex needs of large customers with multiple facilities. The needs of smaller businesses typically differ from the large organizations Grainger has traditionally served. To address those smaller and medium-sized customers, which comprise roughly 70 percent of the business-to-business market in North America, Grainger offers the single channel online model.

Zoro vs. MonotaRO: Four-Year Sales Trajectory

Dollars in millions



Zoro experienced even faster growth than MonotaRO in its first four years of operations, due to its access to the U.S. supply chain.

The single channel online model removes complexity and expense in favor of an online-only experience, offering customers quick delivery at a consistent, competitive price. This model has become an important element of Grainger's growth platform and is operating in Japan, the United States and Germany. Sales for these businesses grew 40 percent in 2014 to more than $600 million and are expected to reach $1 billion by 2016.

Japan

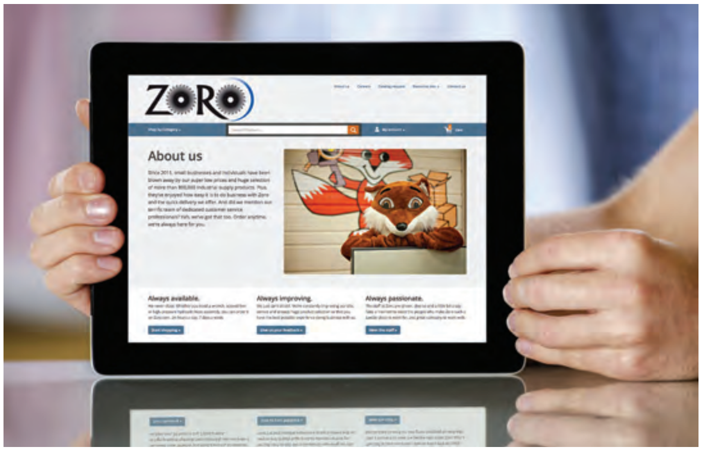
Grainger's oldest and most mature single channel online business grew out of a joint venture launched in 2000. In 2006, the company was renamed MonotaRO and is now a publicly traded company in Japan. Grainger has a 51 percent equity interest in this business, which had a market capitalization of $1.3 billion on the Tokyo Stock Exchange at year end 2014.

MonotaRO operates primarily in Japan, an economically mature market with about $43 billion of MRO potential, but also has operations in South Korea and customers in neighboring markets like Singapore and southeast Asia.

The engine behind MonotaRO's marketing success is a robust customer segmentation and data analytics capability that helps conceive, develop and deploy customer offers. In 2014, MonotaRO grew its customer base by 25 percent, fueling 30 percent revenue growth in local currency over the prior year. Operating margins for MonotaRO are in the range of 9 to 11 percent.

With a broad product offering and an easy-to-use website, MonotaRO is an attractive option for MRO customers in Japan.

MonotaRO grew its customer base by 25 percent in 2014.



Customers can find Zoro using a tablet or its mobile-optimized website.

Zoro

Leveraging lessons and know-how from Japan and from Grainger's U.S. business, Zoro was launched in the United States in 2011. Headquartered outside Chicago, this business is aimed at the roughly $85 billion small and medium-sized customer market in the United States. The competitive pricing, broad product offering and simplified transactions appeal to smaller customers. Zoro also offers an easy-to-use website and convenient payment options.

This simplified process has helped Zoro expand its customer base rapidly through a variety of contemporary and traditional marketing strategies. Zoro also leverages online marketplaces like eBay to find and service the needs of small businesses. Zoro's focus is on building search capabilities and optimizing marketing spend to acquire customers and drive repeat purchase behavior.

Zoro fulfills customer orders in the United States by leveraging the same supply chain infrastructure used by Grainger's core U.S. business. Access to a preexisting distribution network is one advantage Zoro can capitalize on that didn't exist for MonotaRO at its founding.

Zoro leverages the same supply chain infrastructure that serves Grainger's core U.S. business.

Sales for Zoro grew more than 120 percent in 2014, reaching $180 million. Sales for 2015 are forecasted to reach nearly $300 million. In order to expand its North American operations, Zoro launched a website in Canada in 2014.

Zoro Europe

High GDP per capita, a well-developed infrastructure and a strong manufacturing base make Europe an attractive market for a successful single channel online model business. Europe is one of the largest MRO markets in the world with more than $130 billion in potential. In 2014, Grainger launched its single channel online model with Zoro in Germany, a $33 billion MRO market. While operations have only been in place in Germany since July 2014, the business is off to a promising start. Germany, like Europe more generally, has the potential to be an important growth market for Grainger in the years to come.

With a $33 billion MRO market potential, Germany is an attractive market for the single channel online model.

The single channel online model is becoming a more important part of the Grainger portfolio. With revenue growth at 40 percent and strong customer satisfaction, the company is optimistic about the prospects for these businesses to drive growth.

Corporate Social Responsibility | Operating Responsibly

Grainger's Corporate Social Responsibility platform includes the company's commitments to operating responsibly, valuing its people, serving its communities and sustaining the environment. Grainger's program is led by a cross-functional team with oversight by the CEO and executive leadership team. Periodic updates on the company's efforts are also provided to the Board of Directors.

OPERATING RESPONSIBLY

100 percent of team members annually pledge commitment to the company's Business Conduct Guidelines

VALUING OUR PEOPLE

3,500 U.S. team members participate in Business Resource Groups to help drive an inclusive workplace

SERVING OUR COMMUNITIES

$28 million total charitable contributions in 2014

SUSTAINING OUR ENVIRONMENT

91B score on the 2014 CDP

To learn more about Grainger's commitment to Corporate Social Responsibility, visit www.graingercsr.com.

Operating with high levels of ethics and integrity is the foundation of how Grainger does business. The company's corporate governance practices are designed to strengthen the ability of the Board of Directors to monitor and provide counsel to management, thereby providing good stewardship to Grainger's shareholders. The company regularly reviews, evaluates and modifies its corporate governance program to make certain the company exemplifies high standards.

Grainger requires all team members around the world to uphold the company's operating standards by annually renewing their commitment to the Business Conduct Guidelines. These guidelines define a common understanding of ethical principles that guide the way Grainger works with customers, suppliers and team members.

Ethical sourcing

Grainger distributes products from thousands of suppliers around the world. To help ensure that these products are manufactured and delivered with high ethical standards, the company has a Supplier Code of Ethics focused on human rights, labor, the environment and anti-corruption policies. All U.S. and Grainger Global Sourcing suppliers and their sub-suppliers are expected to comply with these standards. The same standards were introduced to suppliers of Acklands–Grainger in Canada and Grainger Mexico in 2014.

Supplier diversity

A supply chain that includes a diverse set of suppliers is a strong supply chain. The company works with nearly 170 women-, minority-, veteran-, service-disabled veteran- and LGBT-owned businesses in the United States that provide more than 32,000 products to the company's offering. Grainger commits extra resources and coaching to help these suppliers meet the company's supplier guidelines and grow their business opportunities. As a member of the National Minority Supplier Development Council, National Gay and Lesbian Chamber of Commerce and Women's Business Enterprise National Council, Grainger works actively to mentor and develop diverse suppliers across multiple geographies.

Corporate Social Responsibility | People/Community

Team members are key to Grainger's success, and the company is committed to providing an environment where dedicated and talented team members thrive. To attract and retain the best talent, the company offers competitive pay, benefits and growth opportunities while promoting a culture of respect and collaboration. Approximately 3,500 team members participate in Grainger's Business Resource Groups. Also, the company offers leadership training through courses and workshops covering business skills such as communication and negotiation.

The company takes a comprehensive approach to maintaining a safe workplace. Grainger's safety program includes frequent training, stretching exercises and injury intervention. In addition, Grainger's ongoing Safety Around the World initiative includes the implementation of a new web-enabled Environmental, Health and Safety (EH&S) management system that improves Grainger's ability to consistently communicate and manage EH&S principles on a global scale.

Grainger team members are active in their local communities, including programs sponsored by the Business Resource Groups.

Grainger donated $600,000 worth of racking for a disaster supplies warehouse in Arlington, Texas, as part of its long-standing partnership with the American Red Cross.

Community

Grainger's supply chain expertise and culture of service make it a natural leader in disaster preparedness and response. Grainger is a long-time partner of the American Red Cross and a member of the American Red Cross Annual Disaster Giving Program, which enables the Red Cross to respond immediately to the needs of those affected by disaster. The company is also investing in the future of the skilled trade workforce through the Grainger Tools for Tomorrow® scholarship program. Each year, the company offers 250 scholarships of $2,000 each at 125 community colleges in the United States, half of which are earmarked for veterans of the armed forces.

In 2014, Grainger donated $28 million in cash and product to charitable organizations around the world. The company matches team member contributions three-to-one through its Charitable Matching Gifts Program, which benefitted more than 1,900 charitable organizations in 2014.

The company is also proud to participate in the Grainger Community Grant Program, an innovative program sponsored by The Grainger Foundation, an independent, private foundation that was established in 1949 by William Wallace Grainger, the company's founder. The Foundation made grants in 2014 totaling $6.3 million to a wide variety of community organizations.

People/Community at a Glance

21,000 hours spent by U.S. team members in safety training

In 2014, Grainger donated **$28 million** in cash and product to charitable organizations around the world

250 scholarships of $2,000 each are offered each year through the Grainger Tools for Tomorrow® scholarship program

In 2014, more than **1,900** charitable organizations benefitted through the Charitable Matching Gifts Program

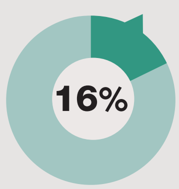
Building or retrofitting distribution centers to include building management systems helps to manage equipment for maximum efficiency.

Grainger applies a continuous improvement mindset to its sustainability efforts, identifying and executing opportunities to reduce energy use and minimize waste. The company was the first industrial supplier to publicly disclose its carbon footprint through the CDP in 2012. In 2014, the company earned 91 out of 100 for its disclosure score, which is determined by the company's transparency, and a B rating for its performance score, which is a reflection of the company's progress to mitigate climate change.

Sustainability at a Glance

18
LEED certified locations

3,624,800
total square footage that is LEED certified



16 percent of total square footage

In 2015, Grainger adopted Notice and Access for shareholder proxy communication. Sending a notice instead of automatically mailing the full set of materials lowers printing and mailing costs, allows faster receipt of materials in an easily searchable format and reduces the company's environmental footprint.

Energy use

Grainger is taking steps to more effectively manage its energy use and greenhouse gas (GHG) emissions. Grainger has set a target to reduce its North American Scope 1 and Scope 2 GHG emissions per unit revenue by 33 percent from 2011 to 2020. Through December 2014, 11 distribution centers have been built or retrofitted to include building management systems that coordinate and manage mechanical and electrical equipment for maximum efficiency. On average, Grainger has realized a 10 to 15 percent reduction in energy consumption at its distribution centers after installing building management systems.

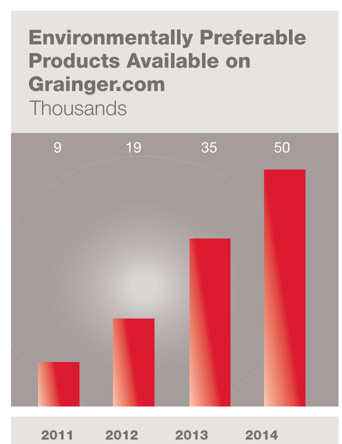
Grainger continued other energy-saving projects in 2014 including lighting retrofits and renewable energy investments in new and existing buildings. Grainger currently operates four megawatts of solar capacity generated at two distribution centers, which represents 2.5 percent of Grainger's annual electricity consumption in the United States.

LEED certified buildings

Grainger remains committed to building Leadership in Energy and Environmental Design (LEED) certified facilities. In 2014, the company opened the world's first data center certified by new LEED v4 standards. The data center features an advanced cooling system, which is expected to consume 50 percent less energy than similar data centers. The Toronto distribution center, which opened in 2015, and the new distribution center in the northeast United States, set to open in 2016, were designed to LEED standards.

Environmentally preferable products

Grainger's product offering includes more than 50,000 SKUs that help customers maintain more sustainable facilities through efficient energy management, water conservation, waste reduction and air-quality improvement. These environmentally preferable products are designated on Grainger.com® with a green leaf icon and represented more than $700 million in sales in 2014.



Consolidated Statements of Earnings

(In thousands of dollars, except per share amounts)	2014	2013	2012
		For the Years Ended December 31,	
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.	$ 801,729	$ 797,036	$ 689,881
Earnings per share:			
Basic	$ 11.59	$ 11.31	$ 9.71
Diluted	$ 11.45	$ 11.13	$ 9.52
Weighted average number of shares outstanding:			
Basic	68,334,322	69,455,507	69,811,881
Diluted	69,205,744	70,576,432	71,181,733

Diluted Earnings Per Share:			
Net earnings as reported	$ 801,729	$ 797,036	$ 689,881
Earnings allocated to participating securities	(9,444)	(11,522)	(12,181)
Net earnings available to common shareholders	$ 792,285	$ 785,514	$ 677,700
Weighted average shares adjusted for dilutive securities	69,205,744	70,576,432	71,181,733
Diluted earnings per share	$ 11.45	$ 11.13	$ 9.52

Segment Information

(In thousands of dollars)	2014	2013	2012
Sales			
United States	$7,926,075	$7,413,712	$6,925,842
Canada	1,075,754	1,114,285	1,105,782
Other Businesses	1,182,186	1,040,473	1,006,762
Intersegment sales	(219,062)	(130,712)	(88,341)
Net sales to external customers	$9,964,953	$9,437,758	$8,950,045
Operating earnings			
United States	$1,444,288	$1,304,175	$1,132,722
Canada	87,583	128,768	127,412
Other Businesses	(37,806)	7,599	20,289
Unallocated expenses	(146,948)	(143,688)	(149,298)
Operating earnings	$1,347,117	$1,296,854	$1,131,125

Consolidated Balance Sheets

(In thousands of dollars)	As of December 31, 2014	2013
Assets		
Current Assets		
Cash and cash equivalents	$ 226,644	$ 430,644
Accounts receivable (less allowances for doubtful accounts of $22,121 and $20,096, respectively)	1,172,924	1,101,656
Inventories — net	1,356,396	1,305,520
Prepaid expenses and other assets	102,669	115,331
Deferred income taxes	61,387	75,819
Prepaid income taxes	47,529	15,315
Total current assets	2,967,549	3,044,285
Property, Buildings and Equipment		
Land	337,573	277,256
Buildings, structures and improvements	1,269,491	1,259,237
Furniture, fixtures, machinery and equipment	1,508,066	1,404,597
	3,115,130	2,941,090
Less: Accumulated depreciation and amortization	1,790,784	1,732,528
Property, buildings and equipment – net	1,324,346	1,208,562
Deferred income taxes	16,718	16,209
Goodwill	506,905	525,467
Other assets and intangibles – net	468,734	471,805
Total Assets	$5,284,252	$5,266,328
Liabilities and Shareholders' Equity		
Current Liabilities		
Short-term debt	$ 56,896	$ 66,857
Current maturities of long-term debt	23,404	30,429
Trade accounts payable	554,088	510,634
Accrued compensation and benefits	191,696	185,905
Accrued contributions to employees' profit sharing plans	178,076	176,800
Accrued expenses	245,300	218,835
Income taxes payable	12,256	6,330
Total current liabilities	1,261,716	1,195,790
Long-term debt (less current maturities)	404,536	445,513
Deferred income taxes and tax uncertainties	95,455	113,585
Employment-related and other noncurrent liabilities	238,444	184,604
Shareholders' equity		
Cumulative preferred stock – $5 par value – 12,000,000 shares authorized; none issued or outstanding	—	—
Common stock – $0.50 par value – 300,000,000 shares authorized; 109,659,219 shares issued	54,830	54,830
Additional contributed capital	948,340	893,055
Retained earnings	6,335,990	5,822,612
Accumulated other comprehensive earnings	(96,673)	28,914
Treasury stock, at cost – 42,227,178 and 40,805,281 shares, respectively	(4,032,615)	(3,548,973)
Total W.W. Grainger, Inc. shareholders' equity	3,209,872	3,250,438
Noncontrolling interest	74,229	76,398
Total shareholders' equity	3,284,101	3,326,836
Total Liabilities and Shareholders' Equity	$5,284,252	$5,266,328

Consolidated Statements of Cash Flows

(In thousands of dollars)	2014	2013	2012
		For the Years Ended December 31,	
Cash flows from operating activities:			
Net earnings	$ 812,296	$ 807,749	$ 698,849
Provision for losses on accounts receivable	12,945	8,855	9,504
Deferred income taxes and tax uncertainties	(13,732)	(9,319)	12,343
Depreciation and amortization	208,326	180,613	159,049
Impairment of goodwill and other intangible assets	16,652	26,284	4,945
Losses (gains) from non-cash charges and sales of assets	41,037	(22,155)	2,609
Stock-based compensation	49,032	55,590	55,500
Change in operating assets and liabilities – net of business acquisitions and divestitures:			
Accounts receivable	(122,580)	(126,465)	(45,953)
Inventories	(92,443)	(23,636)	(14,872)
Prepaid expenses and other assets	(24,550)	16,873	8,346
Trade accounts payable	32,019	71,118	(54,314)
Other current liabilities	8,693	(707)	(58,673)
Current income taxes payable	(1,487)	(4,813)	(9,349)
Accrued employment-related benefits costs	35,027	9,872	45,795
Other – net	(1,421)	(3,361)	2,416
Net cash provided by operating activities	959,814	986,498	816,195
Cash flows from investing activities:			
Additions to property, buildings and equipment	(387,390)	(272,145)	(249,860)
Proceeds from sales of assets	26,755	26,701	8,530
Cash paid for business acquisitions	(30,713)	(153,915)	(64,808)
Other – net	7,290	(68)	482
Net cash used in investing activities	(384,058)	(399,427)	(305,656)
Cash flows from financing activities:			
Borrowings under lines of credit	113,721	144,805	161,160
Payments against lines of credit	(117,277)	(154,450)	(205,006)
Proceeds from issuance of long-term debt	150,504	—	300,000
Payments of long-term debt and commercial paper	(170,907)	(16,681)	(219,950)
Proceeds from stock options exercised	48,579	69,412	72,084
Excess tax benefits from stock-based compensation	33,772	59,984	57,885
Purchase of treasury stock	(525,120)	(438,473)	(340,532)
Cash dividends paid	(291,395)	(255,466)	(220,077)
Net cash used in financing activities	(758,123)	(590,869)	(394,436)
Exchange rate effect on cash and cash equivalents	(21,633)	(17,621)	469
Net change in cash and cash equivalents	(204,000)	(21,419)	116,572
Cash and cash equivalents at beginning of year	430,644	452,063	335,491
Cash and cash equivalents at end of year	$ 226,644	$ 430,644	$ 452,063
Supplemental cash flow information:			
Cash payments for interest (net of amounts capitalized)	$ 10,172	$ 12,954	$ 16,028
Cash payments for income taxes	509,378	414,363	383,698

Historical Financial Summary

		2014	2013	2012
Financial Summary ($000)	Net sales	$9,964,953	$9,437,758	$8,950,045
	Earnings before income taxes	1,334,386	1,287,599	1,117,789
	Income taxes	522,090	479,850	418,940
	Net earnings attributable to W.W. Grainger, Inc.	801,729	797,036	689,881
	Working capital	1,697,487	1,621,103	1,603,748
	Additions to property, buildings and equipment and capitalized software	387,390	272,145	249,860
	Depreciation and amortization	190,171	164,902	145,612
	Current assets	2,967,549	3,044,285	2,900,640
	Total assets	5,284,252	5,266,328	5,014,598
	Shareholders' equity	3,284,101	3,326,836	3,117,366
	Cash dividends paid	291,395	255,466	220,077
	Long-term debt (less current maturities)	404,536	445,513	467,048
Per Share ($)	Earnings – basic	11.59	11.31	9.71
	Earnings – diluted	11.45	11.13	9.52
	Cash dividends paid	4.17	3.59	3.06
	Book value	48.70	48.32	44.87
	Year-end stock price	254.89	255.42	202.37
Ratios	Percent of return on average shareholders' equity	24.3	24.7	23.6
	Percent of return on average total capitalization	20.9	21.4	20.5
	Earnings before income taxes as a percent of net sales	13.4	13.6	12.5
	Earnings as a percent of net sales	8.1	8.4	7.7
	Cash dividends paid as a percent of net earnings	36.3	32.1	31.9
	Total debt as a percent of total capitalization	12.9	14.0	15.3
	Current assets as a percent of total assets	56.2	57.8	57.8
	Current assets to current liabilities	2.4	2.5	2.7
	Average inventory turnover – FIFO	3.1	3.0	2.8
	Average inventory turnover – LIFO	4.2	4.1	3.9
Other Data	Average number of shares outstanding – basic	68,334,322	69,455,507	69,811,881
	Average number of shares outstanding – diluted	69,205,744	70,576,432	71,181,733
	Number of employees	23,622	23,741	22,413
	Number of outside sales representatives	4,907	4,479	4,157
	Number of branches	681	709	715
	Number of products in the Grainger® catalog issued February 1	590,000	570,000	410,000

Note: See the company's current and prior years' Form 10-K for changes in accounting and other adjustments.

Historical Financial Summary

2011	2010	2009	2008	2007	2006	2005	2004
$8,078,185	$7,182,158	$6,221,991	$6,850,032	$6,418,014	$5,883,654	$5,526,636	$5,049,785
1,051,527	853,778	707,337	773,218	681,861	603,023	532,674	445,139
385,115	340,196	276,565	297,863	261,741	219,624	186,350	158,216
658,423	510,865	430,466	475,355	420,120	383,399	346,324	286,923
1,438,375	1,162,318	1,026,690	1,064,094	1,021,663	852,472	1,290,188	1,108,384
196,942	127,124	142,414	194,975	197,423	136,764	157,247	160,758
137,211	137,793	140,974	135,137	127,882	114,884	105,671	96,305
2,694,900	2,238,071	2,131,515	2,144,109	1,800,817	1,862,086	1,985,539	1,744,416
4,716,062	3,904,377	3,726,332	3,515,417	3,094,028	3,046,088	3,107,921	2,809,573
2,724,279	2,287,670	2,227,199	2,033,805	2,098,108	2,177,615	2,288,976	2,067,970
180,527	152,338	134,684	121,504	113,093	97,896	82,663	71,243
175,055	420,446	437,500	488,228	4,895	4,895	4,895	—
9.26	7.05	5.70	6.07	5.01	4.36	3.87	3.18
9.07	6.93	5.62	5.97	4.91	4.24	3.78	3.13
2.52	2.08	1.78	1.55	1.34	1.11	0.92	0.79
38.94	32.97	30.81	27.20	26.40	25.90	25.51	22.83
187.19	138.11	96.83	78.84	87.52	69.94	71.10	66.62
26.3	22.6	20.2	23.0	19.7	17.2	15.9	14.7
22.2	18.7	16.4	20.3	19.2	17.2	15.9	14.2
13.0	11.9	11.4	11.3	10.6	10.2	9.6	8.8
8.1	7.1	6.9	6.9	6.6	6.5	6.3	5.7
27.4	29.8	31.3	25.6	26.9	25.5	23.9	24.8
15.9	17.8	19.1	20.7	5.0	0.4	0.4	0.5
57.1	57.3	57.2	61.0	58.2	61.1	63.9	62.1
1.9	2.6	2.7	2.8	2.2	2.6	2.9	2.7
3.0	3.1	2.7	2.9	3.1	3.1	3.2	3.3
4.0	4.4	3.8	4.1	4.3	4.4	4.5	4.6
69,690,854	70,836,945	73,786,346	76,579,856	82,403,958	87,838,723	89,568,746	90,206,773
71,176,158	72,138,858	74,891,852	77,887,620	84,173,381	90,523,774	91,588,295	91,673,375
21,446	18,596	18,006	18,334	18,036	17,074	16,732	15,523
4,029	3,079	2,845	2,433	2,386	1,805	2,507	2,154
711	607	612	617	610	593	589	582
354,000	307,000	233,000	183,000	139,000	115,000	82,400	82,300

NOTE ON ROIC

Prior to January 2011, ROIC was calculated using annual operating earnings divided by a 13-point (monthly) average for net working assets. Since 2011, ROIC has been calculated using a 5-point (quarterly) average for net working assets to provide greater transparency. Net working assets are working assets minus working liabilities defined as follows: working assets equal total assets less cash equivalents (non-operating cash), deferred taxes and investments in unconsolidated entities, plus the LIFO reserve. Working liabilities are the sum of trade payables, accrued compensation and benefits, accrued contributions to employees' profit sharing plans and accrued expenses.

Executive and Operating Management

James T. Ryan
Chairman, President and Chief Executive Officer

Mr. Ryan was named Chairman in April 2009 and Chief Executive Officer in June 2008. He has been President of Grainger since 2006 and was named Chief Operating Officer and appointed to the Board of Directors in February 2007.

Mr. Ryan has held a number of other key roles since joining Grainger in 1980. They include Group President; Executive Vice President, Marketing, Sales and Service; President, Grainger.com; Vice President, Information Services; and President, Grainger Parts.

Mr. Ryan serves on the Board of Trustees of DePaul University and the Chicago Museum of Science and Industry and is a Business Advisory Council member for the Farmer School of Business at Miami University, Oxford, Ohio. He is also a member of the Civic Committee of the Commercial Club of Chicago, the Economic Club of Chicago and the Business Roundtable in Washington, D.C.

Michael S. Ali
Senior Vice President and Chief Information Officer

Dr. Ali joined Grainger in July 2013 as Senior Vice President and Chief Information Officer. He is responsible for leading the Enterprise Systems team to build a flexible, scalable and responsive systems infrastructure.

Prior to Grainger, Dr. Ali was Senior Vice President, Application Services and PMO at U.S. Foods. Previous to that he was CIO at Harman, and before that the CIO at U.K.-based Jaguar Land Rover. He has also held engineering and management roles in Ford Motor Company, GE, Rensselaer, NASA, and the National Institute of Standards and Technology.

Dr. Ali serves on the Board of Trustees for Illinois Institute of Technology.

Laura D. Brown
Senior Vice President, Communications and Investor Relations

Ms. Brown was named Senior Vice President, Communications and Investor Relations in July 2010. She is responsible for Grainger's internal and external communications, public affairs and investor relations.

Ms. Brown had served as Vice President, Global Business Communications. Since joining the company in 2000, she has held roles of increasing responsibility in the finance, marketing, and investor relations organizations. Prior to joining Grainger, Ms. Brown was a vice president at Baxter International and Alliant Food Service.

Ms. Brown is a 2012 Fellow of the Leadership Greater Chicago program. Ms. Brown currently serves as Vice Chair on the Illinois Board of Make-A-Wish and is a member of the finance committee.

Court D. Carruthers
Senior Vice President and Group President, Americas

Mr. Carruthers was named Senior Vice President and Group President, Americas, in August 2013. He is primarily responsible for the company's business operations in North and South America. Previously, Mr. Carruthers held senior leadership positions as Senior Vice President and President, Grainger U.S., overseeing the company's business operations across the United States, and Senior Vice President and President, Grainger International, overseeing the company's operations in Canada, Europe, Asia and Latin America.

Mr. Carruthers joined the company in 2002, serving in sales and branch leadership roles in Canada before being promoted to President, Acklands–Grainger Inc. in 2006. Prior to joining Grainger, Mr. Carruthers held a number of sales leadership and business development roles in the transportation industry.

Mr. Carruthers currently serves as a Director of the Northern Illinois Food Bank and Montessori School of Lake Forest and a member of the University of Alberta Business Advisory Council.

Joseph C. High
Senior Vice President and Chief People Officer

Mr. High joined Grainger as Senior Vice President and Chief People Officer in June 2011. As the global Human Resources leader, he aligns business strategies with people initiatives to build high performing leaders and teams.

Before joining Grainger, Mr. High was the Senior Vice President of Human Resources at Owens Corning in Toledo, Ohio. Prior to that role, he was head of Human Resources for ConocoPhillips in Houston. Mr. High also served as an Officer at Rockwell Automation and Cummins Engine Company.

Mr. High currently serves on the Board of Skills for Chicagoland's Future, a public-private partnership working to match businesses that have current, unmet hiring needs with qualified, unemployed or underemployed job seekers. He has also served on the Board of Outward Bound, which is a premier provider of experience-based outdoor leadership programs, and was a Trustee of the University of Toledo. Mr. High is currently a member of the Society for Human Resource Management (SHRM) and the Human Resource Policy Association. He is also a member of the Board of Visitors for the UNC Kenan-Flagler School of Business and The Executive Leadership Council, a premier leadership organization comprised of senior African-American corporate executives from Fortune 500 companies dedicated to inclusion and development of young leaders.

John L. Howard
Senior Vice President and General Counsel

Mr. Howard joined Grainger and was named Senior Vice President and General Counsel in January 2000. His responsibilities include supporting all of the company's legal functions, business development and administrative services.

Before joining Grainger, Mr. Howard served as Vice President and General Counsel for Tenneco Automotive, a subsidiary of Tenneco, Inc. Prior assignments included Vice President, Law at Tenneco. From 1990 to 1993, Mr. Howard served in The White House as counsel to the Vice President of the United States. From 1984 to 1990, he held a variety of legal positions within the federal government, including Associate Deputy Attorney General in the U.S. Department of Justice.

Mr. Howard served a five-year term as Chairman, Special Panel on Appeals. He also served a two-year term on the Federal Reserve Bank of Chicago's Seventh District Advisory Council. He currently serves on the board of directors of the Chicago Botanic Garden and as a trustee of the Rush University Medical Center.

Ronald L. Jadin
Senior Vice President and Chief Financial Officer

Mr. Jadin was named Senior Vice President and Chief Financial Officer for Grainger in March 2008. His responsibilities include financial planning and analysis, financial reporting, internal audit, treasury operations and financial services.

Mr. Jadin had served as Vice President and Controller since November 2006. Prior to that, he was Vice President, Finance, for Grainger Industrial Supply, as well as Director of Financial Planning and Analysis for the company.

Prior to joining Grainger in 1998, he spent 15 years serving in financial analysis and management capacities within General Electric.

Mr. Jadin volunteers at Habitat for Humanity and his church.

DG Macpherson
Senior Vice President and Group President, Global Supply Chain and International

Mr. Macpherson was named Senior Vice President and Group President, Global Supply Chain and International, in September 2013. He is responsible for corporate strategy and continuous improvement, the global supply chain organization, the company's single channel online business model and international operations in Asia and Europe.

Prior to this role Mr. Macpherson was Senior Vice President and President, Global Supply Chain and Corporate Strategy.

Mr. Macpherson joined Grainger in 2008 from the Boston Consulting Group (BCG), where he was Partner and Managing Director since 2002.

Mr. Macpherson is a member of the board of directors for the American Red Cross of Greater Chicago.

Executive and Operating Management

Paul C. Miller
Vice President, Global eCommerce, Customer Information and Innovation

Mr. Miller joined Grainger in December 2010 as Vice President, eCommerce, with responsibility for ensuring a superior online and mobile experience for Grainger's U.S. customers. He is responsible for Grainger's Global eCommerce experience as well as overall innovation development and leadership of the company's customer information strategy and execution, including the quality, maintenance and analytics of customer data.

Mr. Miller has an extensive leadership background in eCommerce and Direct Marketing. Prior to joining Grainger, he led a start-up division of a venture-backed company that services property insurance carriers. Previously, Mr. Miller was Senior Vice President, Direct Commerce for Sears Holding Corporation and Vice President of eCommerce for Williams-Sonoma Inc., leading Internet and catalog activities. Additionally, he has held leadership positions within Kraft and Clorox in Canada.

Debra S. Oler
Vice President and General Manager, Grainger Industrial Supply

Ms. Oler was named Vice President and General Manager, Grainger Industrial Supply in August 2014. She is responsible for leading Grainger's Sales, Customer Service and Brand operations in the United States.

Ms. Oler has held several roles with increasing responsibility over the years; most recently she headed Grainger's Brand organization, where she led the development of Grainger's customer segmentation model, pricing strategies and customer coverage plan, as well as designing Grainger's service and solutions portfolio. She has also held roles as Vice President, Grainger Industrial Supply Brand; Vice President, Sales, for Grainger Industrial Supply, and Vice President, Sales Effectiveness, where she was charged with improving sales force productivity and effectiveness.

She joined Grainger in May 2002 as Regional Sales Vice President. A member of the Marketing Executive Council and the Sales Executive Council, she also is a member of the Sales Executive Council Guru team.

Paige Robbins
Vice President, Global Supply Chain

Ms. Robbins is Grainger's Vice President, Global Supply Chain. She has responsibility for managing the company's distribution center operations, inventory, suppliers' performance and transportation as well as the overall design of the network.

In addition, she is responsible for leading Grainger's global export sales and operations. Ms. Robbins joined Grainger in November 2010 as Vice President of Logistics Management and most recently led the supply chain for the Americas.

Prior to joining Grainger, Ms. Robbins served as Partner and Managing Director at the Boston Consulting Group, where she specialized in developing supply chain strategies for industrial clients as well as growth, profit improvement and merger and acquisition strategies.

Kinya Seto
Senior Vice President, Online Business

Mr. Seto was named Senior Vice President, Online Business in September 2013. He is responsible for developing Grainger's single channel online business model globally.

Mr. Seto joined the company in April 2012 and served as Regional Vice President, Asia Pacific and Executive Chairman, MonotaRO. In this role, he was responsible for Grainger's operations in Oceania and Asia including MonotaRO in Japan, in which Grainger has a majority ownership.

Prior to joining Grainger, Mr. Seto was President and Chief Executive Officer of MonotaRO in Amagasaki, Japan. Previous to this role he served in leadership roles at Sumitomo Corporation in Tokyo, Japan, and Detroit, Mich.; was President of Iron Dynamics Process International in Chicago, Ill.; and was Sales Vice President of Precision Bar Services, Inc.

Compensation Practices

EXECUTIVE COMPENSATION

The Company does not have employment agreements . . . . Yes

Executive compensation is tied to performance; numeric criteria are disclosed . . . . Yes

The Company has the ability to claw back incentive compensation . . . . Yes

CEO salary is no more than 2½ times salary of next highest paid named executive officer . . . . Yes

EQUITY COMPENSATION

All stock-based incentive plans have been approved by shareholders. . . . . Yes

The Company's 2010 Incentive Plan does not allow reloads, repricing, stock options issued at a discount to fair market value, or stock options to be transferred by a participant for consideration . . . Yes

Stock options are always awarded at an exercise price equal to the closing price of the Company's common stock reported for the business day before the grant. . . . . Yes

The Company has not misdated or backdated stock options resulting in a restatement. . . . . Yes

The Company discloses performance criteria in its stock-based compensation plans . . . . Yes

Dividends are not available on performance shares. . . . . Yes

The Company, in coordination with a proxy advisory firm, commits to an appropriate burn rate. . . . . Yes

PAY FOR PERFORMANCE

Compensation Element	Link to Performance
Base Salary	Base salary increases are linked to individual performance.
Annual Cash Incentives	Annual cash incentives are linked to achieving predetermined Company objectives.
Long-Term Incentives	• Stock options are granted based on individual performance and linked to stock price performance for ten years. • Performance shares are granted based on achieving specific, predetermined Company objectives over the three-year performance period.
Benefits	The profit sharing plan encourages financial performance that drives increased shareholder value.
Ownership Guidelines	Officers are subject to ownership guidelines: • CEO at least 6X salary • Other senior officers at least 3X salary
Risk Mitigation	The Company's incentive programs incorporate a balance of risk mitigation components.

Board of Directors

Rodney C. Adkins
Former Senior Vice President of International Business Machines Corporation, President of 3RAM Group LLC, Miami Beach, Fla.
(2, 3)

Brian P. Anderson
Former Executive Vice President and Chief Financial Officer, OfficeMax Incorporated, Itasca, Ill.
(1, 2)

V. Ann Hailey
Former President, Chief Executive Officer and Chief Financial Officer, Famous Yard Sale, Inc., New Albany, Ohio
(1, 2)

William K. Hall
Founding Partner, Procyon Advisors LLP, Skokie, Ill.
(1, 2)

Stuart L. Levenick
Former Group President, Caterpillar Inc., Peoria, Ill.
(2, 3, †)

Neil S. Novich
Former Chairman, President and Chief Executive Officer, Ryerson Inc., Chicago, Ill.
(1, 2)

Michael J. Roberts
Former Global President and COO of McDonalds Corporation, Founder of LYFE Kitchen, Chicago, Ill.
(2, 3)

Gary L. Rogers
Former Vice Chairman, General Electric Company, Fairfield, Conn.
(2, 3)

James T. Ryan
Chairman, President and Chief Executive Officer, W.W. Grainger, Inc.

E. Scott Santi
President and Chief Executive Officer, Illinois Tool Works Inc., Glenview, Ill.
(1, 2)

James D. Slavik
Chairman, Mark IV Capital, Inc., Newport Beach, Calif.
(2, 3)

(1) Member of Audit Committee
(2) Member of Board Affairs and Nominating Committee
(3) Member of Compensation Committee
† Lead Director

Corporate Governance

Board is elected by majority vote	Yes
Majority of Directors independent	Yes
Separate Chairman and CEO	No
Independent Lead Director	Yes
Independent Board Affairs and Nominating Committee	Yes
Number of Board meetings held or scheduled	5
All Directors elected annually	Yes
Corporate governance guidelines (Operating Principles) approved by the Board	Yes
Board plays active role in risk oversight	Yes
Independent Directors hold meetings without management present	Yes
Board-approved succession plan in place	Yes
The performance of the Board is reviewed regularly	Yes
The performance of each Committee is reviewed regularly	Yes
Board members conduct periodic individual self-evaluations	Yes
Board orientation/education program	Yes
Directors must tender resignation upon a substantive change in career (Criteria for Membership)	Yes
All Directors are expected to attend annual shareholders meeting	Yes
All Directors attended at least 75 percent of Board and Committee meetings	Yes
Charters for Audit, Compensation, and Board Affairs and Nominating Committees	Yes
Disclosure Committee function for financial reporting	Yes
Independent Audit Committee	Yes
Audit Committee has a financial expert	Yes
Auditors ratified at most recent annual meeting	Yes
Independent Compensation Committee	Yes
Board Compensation Committee has independent compensation consultant	Yes

Independent Director Compensation

The majority of the Director pay package is in the form of Company equity	Yes
The majority of the pay package is required to be held in the form of Company equity for the entire duration of the Director's service	Yes
The Company's Director Stock Ownership Guidelines require Directors to own Company equity worth at least 5X the annual retainer	Yes
The Director pay package is regularly benchmarked to market and reviewed by an Independent Compensation Consultant	Yes
The Company does not use stock options as part of the Director pay package	Yes
The Company does not have a Director retirement program	Yes
The Company does not offer perquisites to Directors	Yes
The Company only reimburses for expenses relating to service as a Director and for attending continuing education programs	Yes
A Director who is an employee of the Company does not receive any compensation for services as a Director	Yes

Shareholder Rights

Company does not have a shareholder rights plan	Yes
Shareholders have cumulative voting rights	Yes
Shareholders may call special meetings	Yes
Employees may vote their shares in company-sponsored plans	Yes
All stock-based incentive plans have been approved by shareholders	Yes
An independent tabulator tabulates shareholder votes	Yes
Company posts its articles of incorporation and bylaws on website	Yes

Company Information

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100 Grainger Parkway
Lake Forest, IL 60045-5201
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Senior Manager, Investor Relations
847.535.0099

William D. Chapman
Senior Director, Investor Relations

Mr. Chapman was named Senior Director, Investor Relations, in April 2012. In this role, he serves as the company's primary contact with the investment community. He had served as Director, Investor Relations since 1999.

Mr. Chapman serves on the advisory board of the Chicago Chapter of the National Investor Relations Institute (NIRI) and is a past president and chairman. He is also a member of the NIRI National Senior Roundtable. Mr. Chapman was nominated by the investment community as the Best Investor Relations Officer (Mid Cap) in the 2015 IR Magazine Awards. In 2012–2014, he was recognized by *Institutional Investor* Magazine as the top IR professional in the capital goods/industrials sector.

Mr. Chapman serves as a director, past president and current scholarship chairman of the Wisconsin Alumni Association-Chicago Chapter and is a former director of the National Wisconsin Alumni Association.

Analyst Coverage (As of March 13, 2015)
Atlantic Equities — Richard Radbourne
Barclays — Scott Davis
BB & T Capital Markets — Charles Redding
Cleveland Research Company — Adam Uhlman
Credit Suisse — Flavio Campos
Deutsche Bank Securities, Inc. — John Inch
FBR Capital Markets — Ajay Kejriwal
Gabelli and Company — Justin Bergner
Goldman Sachs — Joe Ritchie
Longbow Research — Eli Lustgarten
Morgan Stanley — Nigel Coe
Morningstar — Kwame Webb
Oppenheimer & Company — Christopher Glynn
Raymond James — Sam Darkatsh
RBC Capital Markets — Deane Dray
Robert W. Baird — David Manthey
Stephens, Inc. — Matt Duncan
Stifel — Rob McCarthy
Susquehanna Financial Group — Robert Barry
Thompson Research Group — Brent Rakers
Wells Fargo — Allison Poliniak-Cusic
William Blair & Company, LLC — Ryan Merkel

Annual Meeting
The 2015 Annual Meeting of Shareholders will be held at the company's headquarters in Lake Forest, Illinois, at 10:00 a.m. CDT on Wednesday, April 29, 2015.

Expected Earnings Release Dates

First Quarter	April 16, 2015
Second Quarter	July 17, 2015
Third Quarter	October 16, 2015
Fourth Quarter	January 26, 2016

Transfer Agent, Registrar and Dividend Disbursing Agent
Instructions and inquiries regarding transfers, certificates, changes of title or address, lost or missing dividend checks, consolidation of accounts and elimination of multiple mailings should be directed to:
Computershare Trust Company, N.A.
P.O. Box 43078
Providence, RI 02940-3078
800.446.2617

Auditors
Ernst & Young LLP
155 North Wacker Drive
Chicago, Illinois 60606-1787

Common Stock Listing
The company's common stock is listed on the New York Stock Exchange under the trading symbol GWW.

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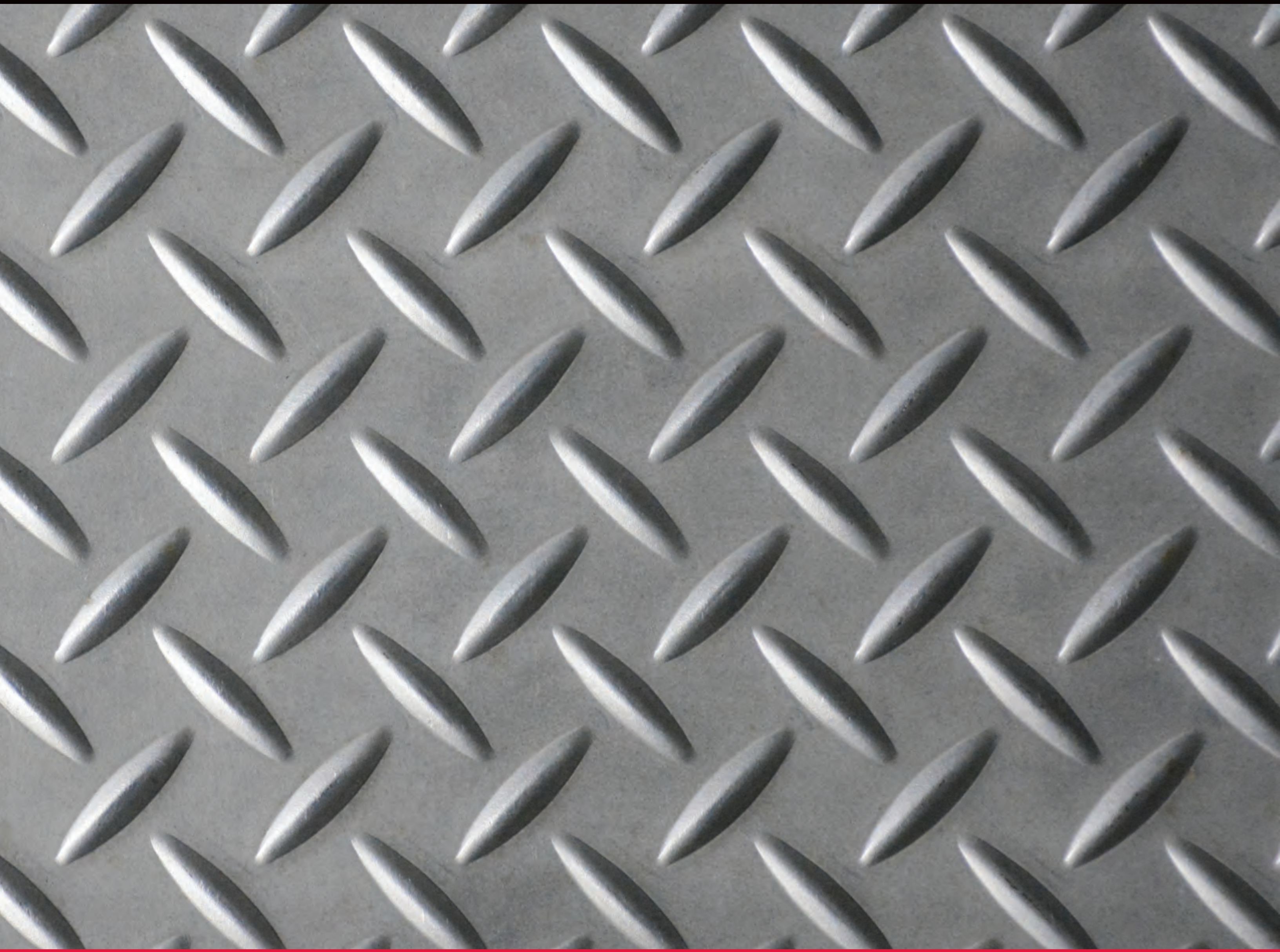

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