GRAINGER
FOR THE ONES WHO GET IT DONE

News Release

GRAINGER ANNOUNCES PERMANENT CHANGE TO CAPITAL STRUCTURE AND INTENT TO BUY BACK $3 BILLION IN COMMON STOCK

CHICAGO, April 16, 2015–Grainger (NYSE:GWW) announced today that its Board of Directors has approved the purchase of $3 billion of its common stock over the next three years. The share repurchase will be financed with a combination of cash and the issuance of new, permanent debt. In addition, the Board increased the repurchase authorization to 15 million shares. This replaces a prior program of 10 million shares approved in April 2014.

“This program reflects our confidence in the business and future prospects of the company and better optimizes our balance sheet,” said Chairman, President and Chief Executive Officer Jim Ryan. “We are committed to creating shareholder value and strongly believe in the strategy we have in place for future growth. The timing, size and structure of the share repurchase and debt issuance preserve our ability to continue to invest in the business while maintaining a very strong balance sheet.”

The company had previously announced a commitment to repurchase approximately $400 million in shares during 2015. Consistent with prior practice, these purchases will continue to be funded largely with internally generated cash. Shares purchased beyond this amount in 2015 are expected to be financed with permanent debt. The company also intends to continue its 43-year history of increasing its annual dividend.

The following table represents the expected pace and funding of the share repurchases:

	Expected repurchases funded with		
Year	Internally generated cash	New, permanent debt	Total expected repurchases
2015	$400M	$1,000M	$1,400M
2016	400M	400M	800M
2017	400M	400M	800M
	$1,200M	$1,800M	$3,000M

The additional buybacks will begin later this month and are expected to be accretive to 2015 earnings in the range of $0.08 to $0.12 per share. The company expects to issue $1 billion in long term debt in June 2015 to help fund the program. The exact number of shares bought back will be determined by the end of 2017.

The company is committed to operating with a debt to EBITDA ratio that is in the 1.0-1.5x range. “The addition of this level of permanent debt signals an important change in our capital structure and strikes the right balance between rewarding shareholders, making our capital structure more efficient and preserving the company’s ability to pursue both organic growth and acquisition opportunities,” said Ryan.

About Grainger

W.W. Grainger, Inc., with 2014 sales of $10 billion, is North America’s leading broad line supplier of maintenance, repair and operating products, with operations also in Asia, Europe and Latin America.

Forward-Looking Statements

This communication contains forward-looking statements under the federal securities laws. These forward-looking statements, which include statements concerning the company’s plans with respect to dividends, stock repurchases and debt issuances, involve risks and uncertainties that could cause our actual results to differ materially from those in the forward-looking statements. The risks and uncertainties include, but are not limited to, the company’s future financial results and cash flows, rating agency actions, interest rates, fluctuations in the company’s stock price, the company’s ability to access the capital markets, changes in market conditions and the availability of alternative uses for the company’s capital resources, including acquisitions and capital expenditures. Accordingly, you should not unduly rely on these forward-looking statements. Except as required by law, we undertake no obligation to update or revise any forward-looking statements. These forward-looking statements should be read in conjunction with the company’s most recent annual report, as well as the company’s Form 10-K, Form 10-Q and other reports filed with the Securities and Exchange Commission, containing a discussion of the company’s business and various factors that may affect it.

Contacts:

Media:
Joseph Micucci
Director, Media Relations
O: 847-535-0879
M: 847-830-5328

Grainger Media Relations Hotline
847-535-5678

Investors:
Laura Brown
SVP, Communications & Investor Relations
O: 847-535-0409
M: 847-804-1383

William Chapman
Sr. Director, Investor Relations
O: 847-535-0881
M: 847-456-8647

# # #