

**W.W. Grainger, Inc. and Subsidiaries**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands of dollars, except for share and per share amounts)

<u>ASSETS</u>	As of December 31,	
	2017	2016
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 326,876	\$ 274,146
Accounts receivable - net	1,325,186	1,223,096
Inventories – net	1,429,199	1,406,470
Prepaid expenses and other assets	86,667	81,766
Prepaid income taxes	38,061	34,751
Total current assets	3,205,989	3,020,229
<b>PROPERTY, BUILDINGS AND EQUIPMENT</b>		
Less: Accumulated depreciation and amortization	2,052,693	1,990,611
Property, buildings and equipment – net	1,391,967	1,420,891
<b>DEFERRED INCOME TAXES</b>		
	22,362	64,775
<b>GOODWILL</b>		
	543,903	527,150
<b>INTANGIBLES – NET</b>		
	569,115	586,126
<b>OTHER ASSETS</b>		
	70,918	75,136
<b>TOTAL ASSETS</b>	<b>\$ 5,804,254</b>	<b>\$ 5,694,307</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Short-term debt	\$ 55,603	\$ 386,140
Current maturities of long-term debt	38,709	19,966
Trade accounts payable	731,582	650,092
Accrued compensation and benefits	254,560	212,525
Accrued contributions to employees' profit-sharing plans	92,682	54,948
Accrued expenses	313,766	290,207
Income taxes payable	19,759	15,059
Total current liabilities	1,506,661	1,628,937
<b>LONG-TERM DEBT (less current maturities)</b>		
	2,248,036	1,840,946
<b>DEFERRED INCOME TAXES AND TAX UNCERTAINTIES</b>		
	111,710	126,101
<b>EMPLOYMENT-RELATED AND OTHER NONCURRENT LIABILITIES</b>		
	110,114	192,555
<b>SHAREHOLDERS' EQUITY</b>		
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; issued 109,659,219 shares	54,830	54,830
Additional contributed capital	1,040,493	1,030,256
Retained earnings	7,405,192	7,113,559
Accumulated other comprehensive losses	(134,674)	(272,294)
Treasury stock, at cost – 53,330,356 and 50,854,905 shares, respectively	(6,675,709)	(6,128,416)
Total W.W. Grainger, Inc. shareholders' equity	1,690,132	1,797,935
Noncontrolling interest	137,601	107,833
Total shareholders' equity	1,827,733	1,905,768
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 5,804,254</b>	<b>\$ 5,694,307</b>

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