Grainger Financial Update

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Forward Looking Statements

This presentation contains statements that are forward-looking; i.e., not historical facts. These forward-looking statements are not guarantees of future performance and are subject to a number of assumptions, risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from such statements. These statements include, but are not limited to, statements about future strategic plans and future financial and operating results.

Important factors that could cause actual results to differ materially from our expectations include, among others: higher product costs or other expenses, a major loss of customers, loss or disruption of supply sources, increased competitive pricing pressures, failure to develop or implement new technologies or business strategies, the outcome of pending or future litigation or other proceedings, changes in laws and regulations, disruption of information technology or data security systems, general industry or market conditions, general global economic conditions, currency exchange rate fluctuations, facilities disruptions, higher fuel costs or disruptions in transportation services, natural and other catastrophes, unanticipated weather conditions, loss of key members of management, our ability to operate, integrate and leverage acquired businesses and other factors which can be found in our filings with the Securities and Exchange Commission, including our most recent periodic reports filed on Form 10-K and Form 10-Q, which are available on our Investor Relations website.

Forward-looking statements are given only as of the date of this presentation and we disclaim any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

Unchanged 2015 guidance

	COMPANY		without Cromwell		Effect
	LOW	HIGH	LOW	HIGH	of acq
Sales $B	$ 9.9	$ 10.0	$9.8	$9.9	$ 0.1
EPS	$ 11.60	$11.80	$11.58	$11.78	$ 0.02
Sales growth	-0.5%	0.5%	-2.0%	-1.0%	1.5%
EPS growth	-5%	-4%	-5%	-4%	0%
Op Margin %	13.2%	13.3%	13.4%	13.5%	-0.15%
Op Margin % vs PY	(100) bps	(85) bps	(85) bps	(70) bps	(15) bps

Notes: As of 11/12/2015. Excludes restructuring costs.

- Expense growth matches sales but does not offset GP margin decline
- Cromwell acquisition accretive to sales and earnings growth, tracking to expectations
- Share repurchases and energy tax credits partially mitigate EPS decline

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4Q 2015 guidance

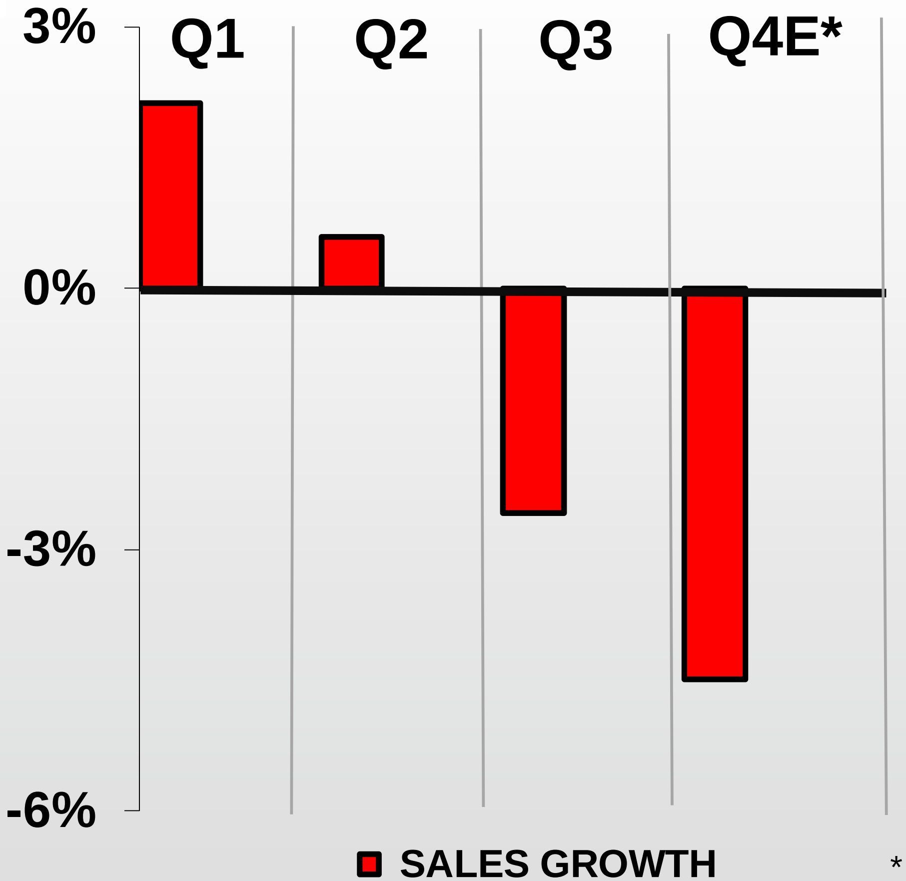
	COMPANY		without Cromwell		Effect
	LOW	HIGH	LOW	HIGH	of acq
Sales $B	$ 2.4	$ 2.5	$2.3	$2.4	$ 0.1
EPS	$ 2.20	$ 2.40	$2.19	$2.39	$ 0.01
Sales growth	-3%	0%	-7%	-4%	4%
EPS growth	-21%	-14%	-21%	-14%	0%
Op Margin %	10.2%	10.7%	10.4%	10.9%	-0.2%
Op Margin % vs PY	(250) bps	(195) bps	(230) bps	(175) bps	(20) bps

Notes: As of 11/12/2015. Excludes restructuring costs.

Earnings decline driven by sales and GP margin weakness, including unfavorable comparison to 1% Ebola related sales benefit in 4Q14

2015 quarterly sales growth

Excludes Cromwell acquisition



* Note: Midpoint of Q4 guidance.

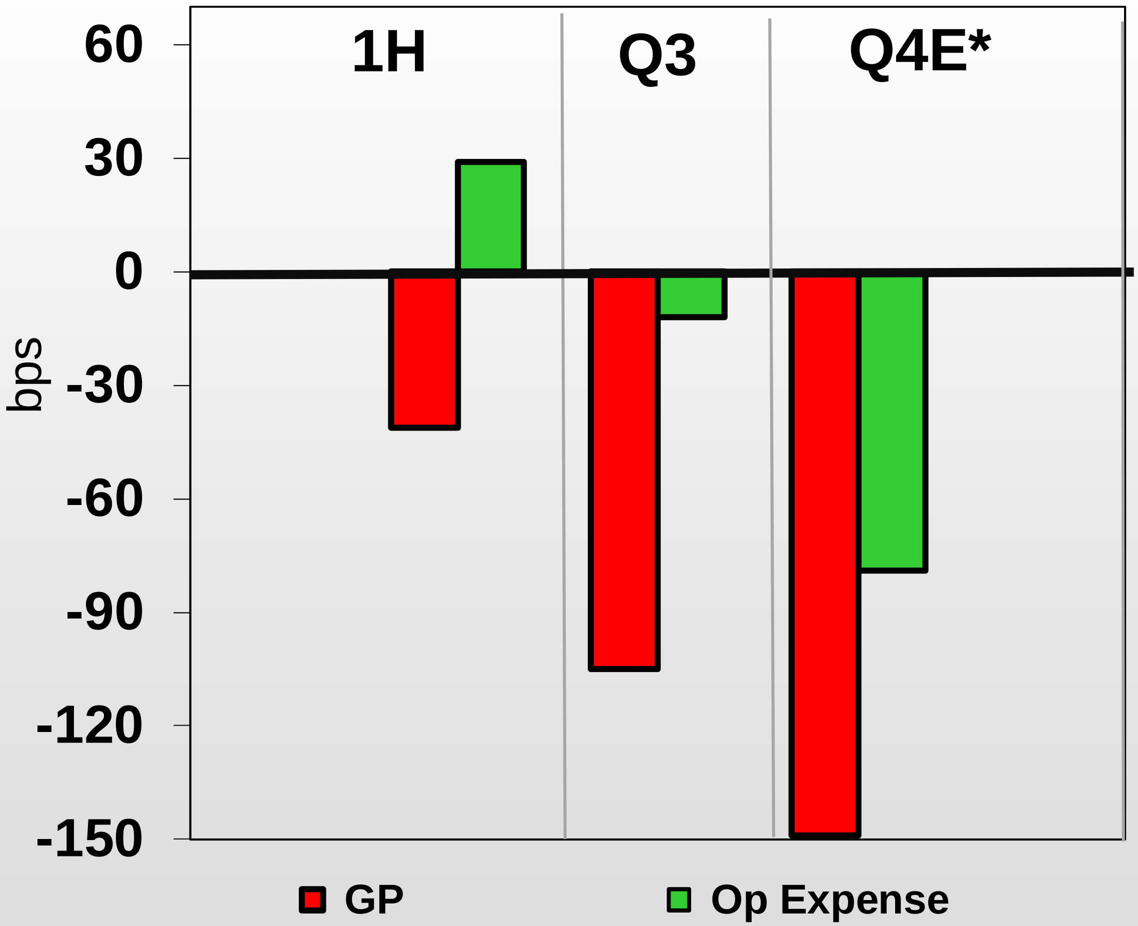
Drivers of sequential decline

- Price deflation on soft commodity demand and over-capacity
- Large U.S. customer exports down on strong dollar
- Low oil prices significantly affecting customers in Canada and U.S.
- Medium customer share losses on sales coverage and price gaps
- Unfavorable foreign exchange

- Sales growth declining sequentially since 4Q14
- October results and November MTD running -5% excluding Cromwell

2015 quarterly operating margin drivers

Excludes Cromwell acquisition



2H Drivers

GP

- GP contraction as customer prices drop faster than supplier prices
- Business unit mix as sales decline accelerates in higher margin U.S. business

Expense

- Negative op expense leverage on declining sales
- Carryover growth spending
- SAP implementation costs

Note: Midpoint of Q4 guidance.

GP margin decline driven by price, expense driven by programs and minimal leverage

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2016 guidance

	COMPANY			Effect of Cromwell
	LOW	MID-PT	HIGH	
Sales $B	$ 9.9	$ 10.3	$ 10.7	$ 0.5
EPS	$ 10.80	$ 11.90	$13.00	$ 0.10
Sales growth	-1%	3%	7%	3%
Op Earn growth	-9%	-1%	7%	1%
EPS growth	-8%	2%	11%	1%
Op Margin %	12.1%	12.7%	13.2%	-0.5%
Op Margin % vs PY	(110) bps	(55)	0 bps	(30)

Notes: As of 11/12/15. Excludes restructuring costs. Average share count (62m) and interest expense ($64m) assumptions remain unchanged across guidance.

- Wide and relatively low guidance reflects economic uncertainty and challenging margin environment, but partially offset by cost restructuring
- EPS growth greater than op earnings growth on share repurchases and energy tax credits

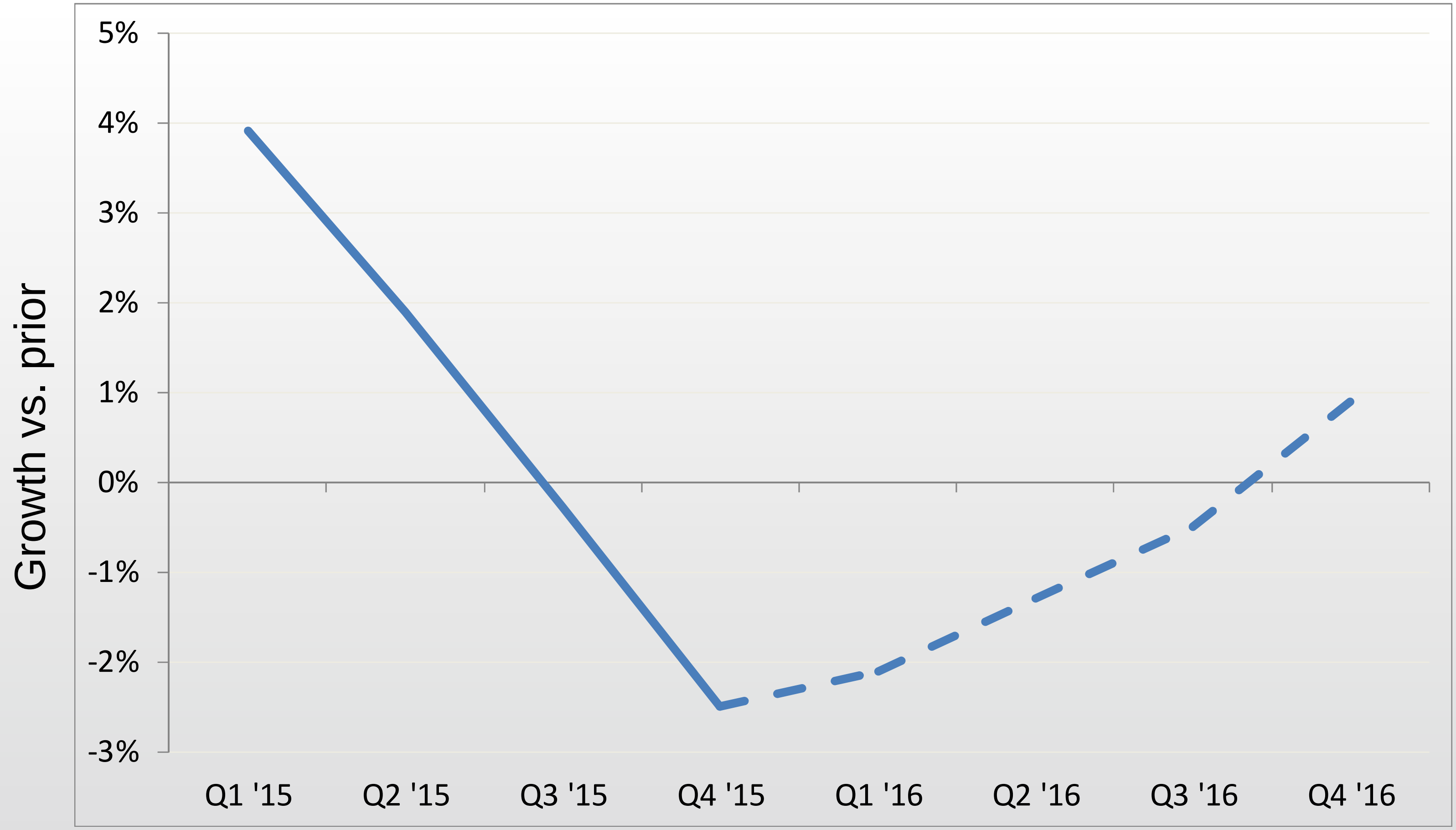
2016 guidance

	without Cromwell		
	LOW	MID-PT	HIGH
Sales $B	$ 9.4	$ 9.8	$ 10.2
EPS	$ 10.70	$ 11.80	$ 12.90
Sales growth	-4%	0%	4%
Op Earn growth	-10%	-2%	6%
EPS growth	-8%	1%	10%
Op Margin %	12.6%	13.2%	13.7%
Op Margin % vs PY	(80) bps	(25) bps	30 bps

Notes: As of 11/12/15. Excludes restructuring. Average share count (62m) and interest expense ($64m) assumptions remain unchanged across guidance.

- Restructuring allows operating earnings growth to equal sales growth at 2% over 2015
- EPS growth greater than op earnings growth given share repurchases and energy tax credits

2015 - 2016 U.S. sales growth



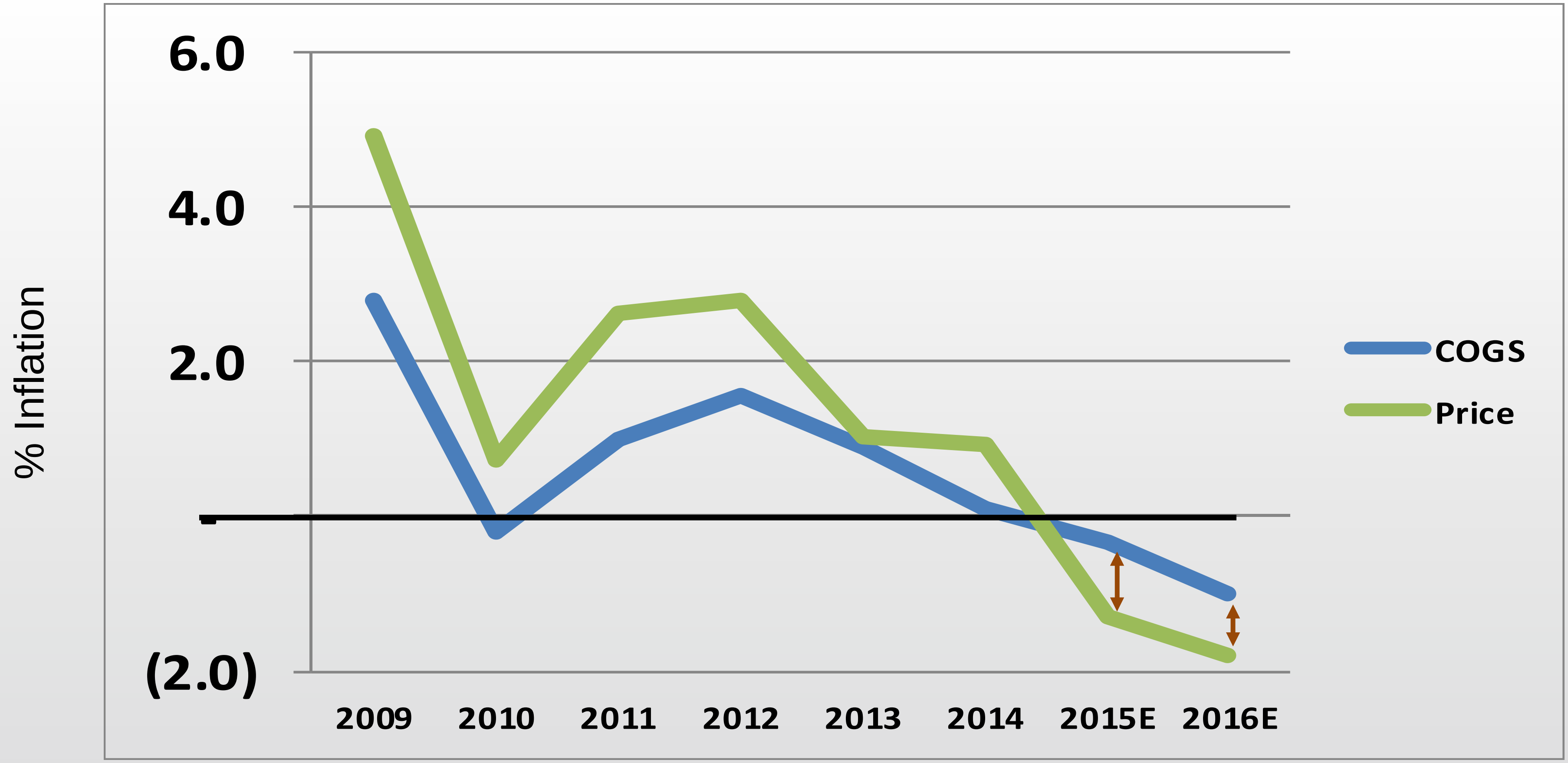
2016 trend reflects tough comparisons in 1H, easier comparisons in 2H, for the 1% sales decline at midpoint of guidance

Revenue bridge

	2015E		2016E LOW	2016E HIGH	
Singlechannel Share	2	%	3	3	%
Multichannel Share	0		0	1	
SHARE GAIN	2		3	4	
Economy	0		(4)	2	
ECONOMY & SHARE	2		(1)	6	
Price	(1)		(2)	(1)	
ORGANIC	1		(3)	5	
F/X	(3)		(1)	(1)	
Acquisitions	2		3	3	
TOTAL	0	%	(1)	7	%
w/o Acquisitions	(2)		(4)	4	%

Share gains from seller and KeepStock adds for large customers, improved coverage and pricing for medium customers, and continued strong share gains for MonotaRO and Zoro

U.S. price & COGS inflation



Improving spread between price and cost deflation in 2016

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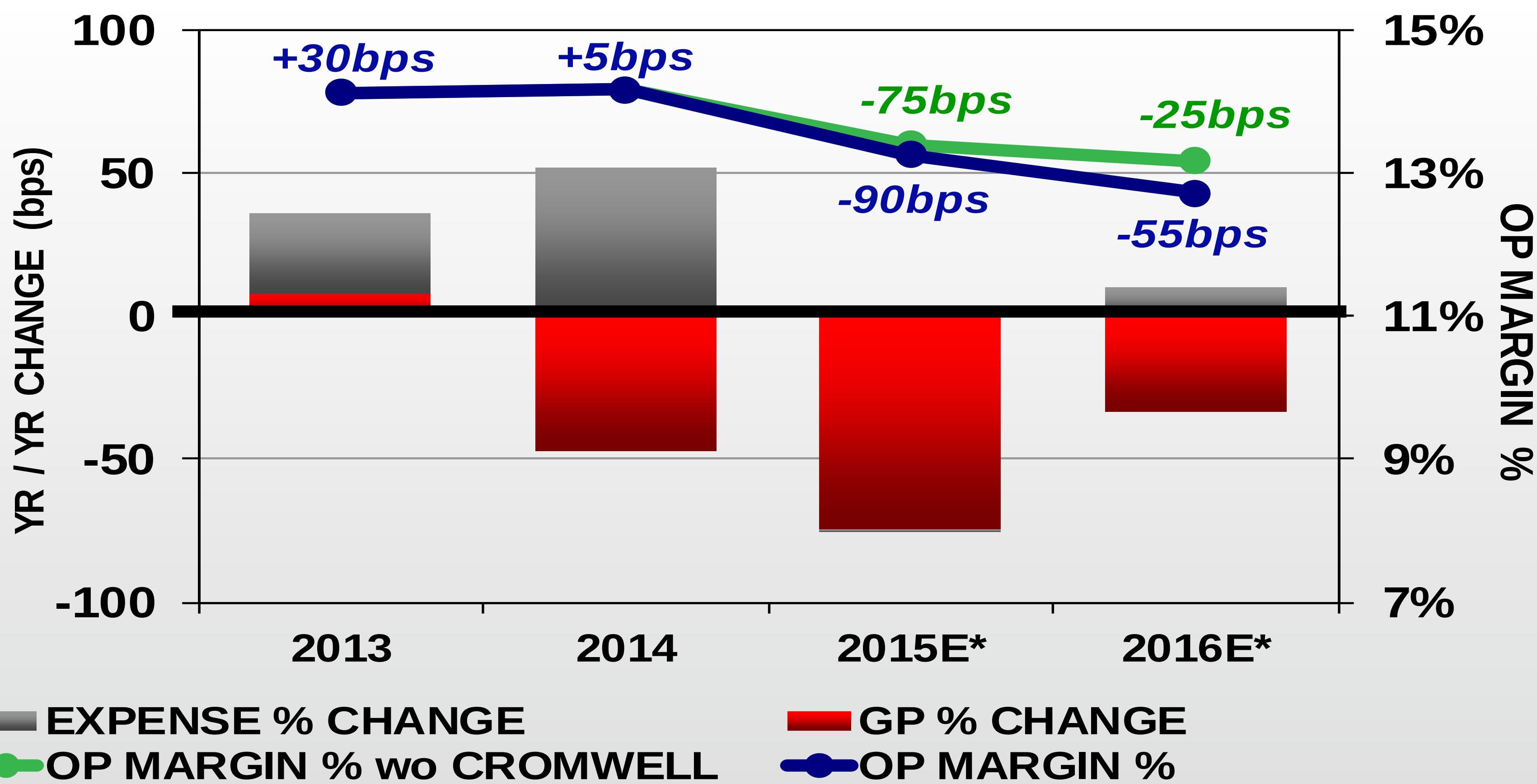
Operating margin and drivers



Notes: *2015E and 2016E exclude Cromwell, and are midpoints of guidance ranges. As of 11/12/15.

Excluding Cromwell, 2016 midpoint has flat sales growth and 25bps lower operating margin, flattening the curve from 2015 decline of 75bps

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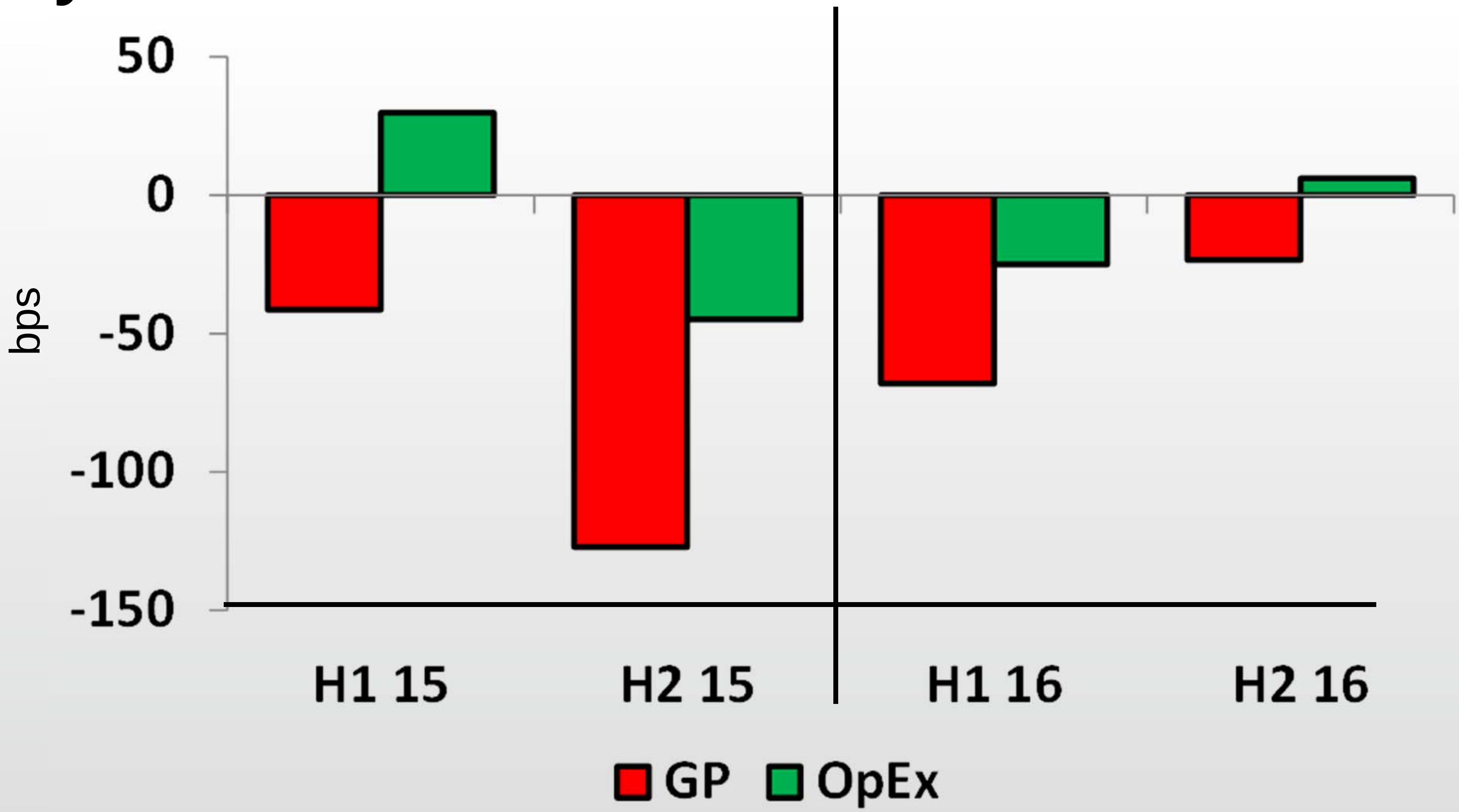
Change in 2016 operating margin

	2016 MID-PT	
U.S.	**(45)** *bps*	**Sales -1%, OE -3%**
U.S. w/o intercompany transfers	**(25)**	**intercompany increases 33%, $85M**
effect of Canada and Other	**20**	***favorable mix lower Canada; fav Mexico, Fabory***
MULTICHANNEL BUSINESSES	**(5)**	**Sales -3%, OE -3%**
effect of Single Channel	**(20)**	***Sales +32%, OE +36%***
COMPANY w/o CROMWELL	**(25)**	**Sales 0%, OE -2%**
effect of Cromwell	**(30)**	***low initial OM%, but 10% EBITDA-to-Sales***
COMPANY	**(55)** *bps*	**Sales +3%, OE -1%**

Multichannel businesses op margin relatively flat at midpoint, even with the sales decline

2015 & 2016 operating margin drivers by half



- 2H 2016 reflects easier prior year comparisons
- 2016 op margin has benefit of restructuring savings and GP improvement reflecting slight improvement in price/cost inflation, private label share and COGS productivity

Gross profit a detractor to operating margin

Tailwinds

- Global buying
- Private label
- Product cost scale *
- Fulfillment scale *
- Transportation scale *

* Magnitude of scale benefit tied to volume

Headwinds

- Price deflation
- Large customer mix
- Weak Canadian dollar
- International & online mix
- Acquisitions at lower GP margin

Gross profit margin declines 20 to 40 bps due to strong GP headwinds

Expense leverage a contributor to operating margin

Tailwinds

- Branch and contact center consolidation
- eCommerce share growth
- Back office to low cost markets
- DC continuous improvement
- Low expense inflation
- Restructuring
- Lower growth in infrastructure spend

Headwinds

- Carryover of 2015 seller adds
- Higher fixed cost on SAP and NEDC
- Comparison to low 2015 employee bonus
- Growing KeepStock business drives unfavorable mix shift

Operating expense tailwinds partially offset headwinds and GP margin pressure

Restructuring costs and benefits

	Cost Estimate		Estimated OE Benefits	
2015 Actions	Q3 '15	Q4 '15	2016	Annualized
Branch	$7M	$2M to $5M	$3M to $7M	$3M to $7M *
Other	$4M	$15M to $25M	$35M to $45M	$35M to $45M
2015 Actions	**$11M**	**$17M to $30M**	**$38M to $52M**	**$38M to $52M**
	2016 FY		**2016**	**Annualized**
2016 Actions	**$45M to $55M**		**$25M to $35M**	**$45M to $55M**
	2015 & 2016		**2016**	**Annualized**
Total Actions (rounded)	**$75M to $95M**		**$50M to $85M**	**$85M to $105M**

*Branch closure benefits primarily in cash flow and ROIC
Note: Restructuring costs are excluded from 2015 and 2016 guidance.

2016 guidance by segment

	U.S.		CANADA		OTHER BUS		COMPANY		
	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	
Sales growth	-5%	3%	-14%	-7%	37%	45%	-1%	7%	
local currency			*-9%*	*-2%*					
Op Margin % vs PY	(100)	10	(170)	(50)	50	150	(110)	0	bps

U.S. without intercompany transfers			*Other Businesses without Cromwell*	
Sales growth	-6%	2%	17%	26%
Op Margin % vs PY	(80)	30	90	200

- U.S. has margin expansion at high end of range, even with the low sales growth
- Canada margin declines driven by low operating expense leverage on declining sales and GP softness

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Cash & capital strategy

Cash

- Maintain $200M cash balance +/- $100M
- Increase quarterly dividends greater than earnings growth
- Reinvest one-third or less of cash flow in CapEx
- Remaining cash for share repurchase and acquisitions

Capital

- Fund acquisitions with debt
- Maintain tier 1 CP rating, strong "A" the floor
- Buybacks subject to retaining strong "A" rating
- Hold debt (unadjusted) to 1.0x – 1.5x EBITDA

Cash flow guidance

	Millions of Dollars 2015E	2016E
Cash Flow from Operations	**$940 - $990**	**$950 - $1050**
Capital Expenditures (gross)	**$300 - $350**	**$300 - $350**
% of Cash Flow (midpoint)	~34%	~32%
Share Repurchase	**$1375 – $1425**	**$775 - $825**
Dividends	**$305**	**$300 - $310**
Average shares	*66m*	*62m*

Depreciation & amortization: 2015E $200-$220 2016E $230-$250

High cash returns to shareholders, despite weak economy

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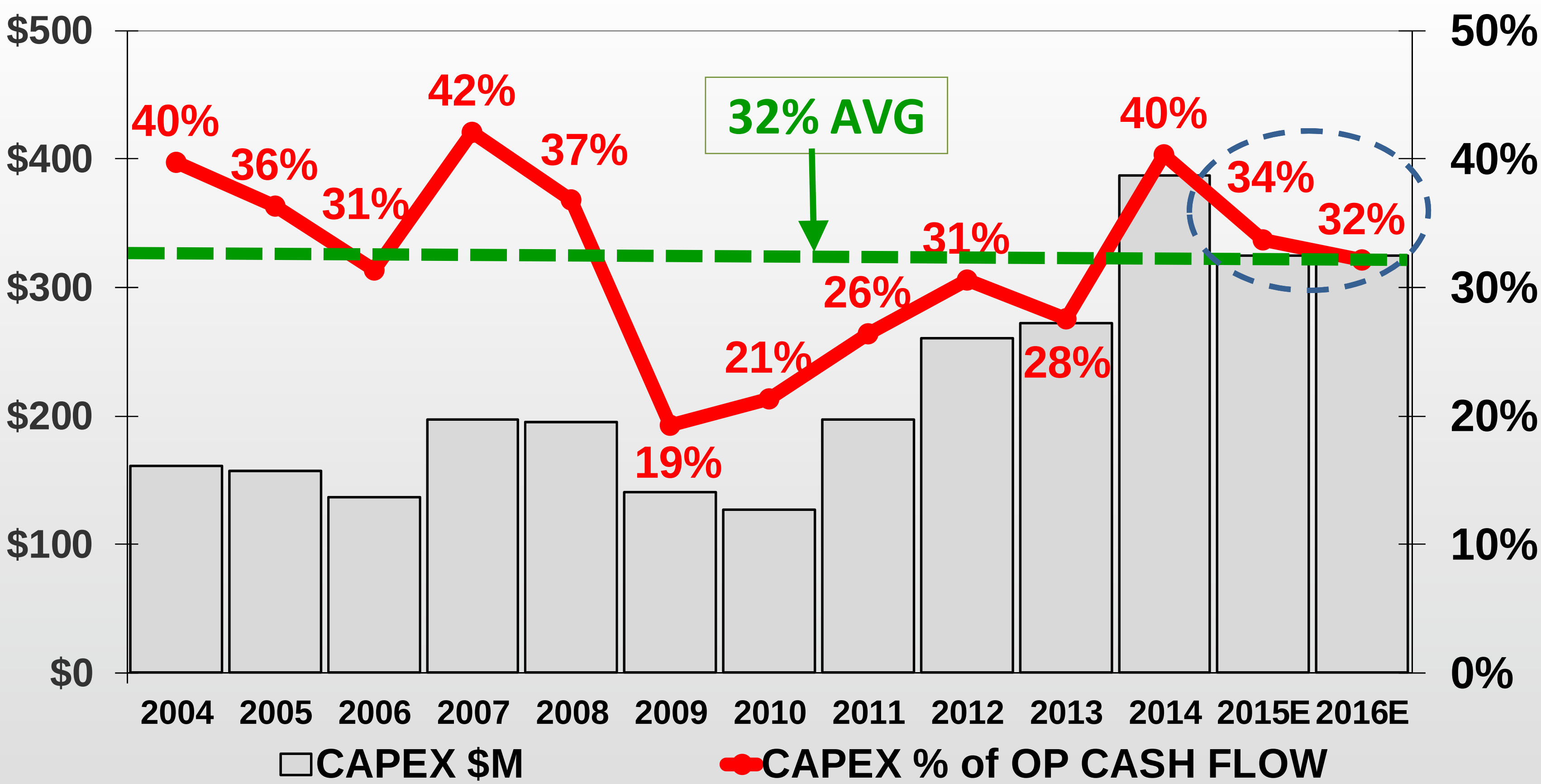
Capital spending trend



- Capital spending moderating from 2014 peak
- 2017E at 25-28% as DC and technology spend slows

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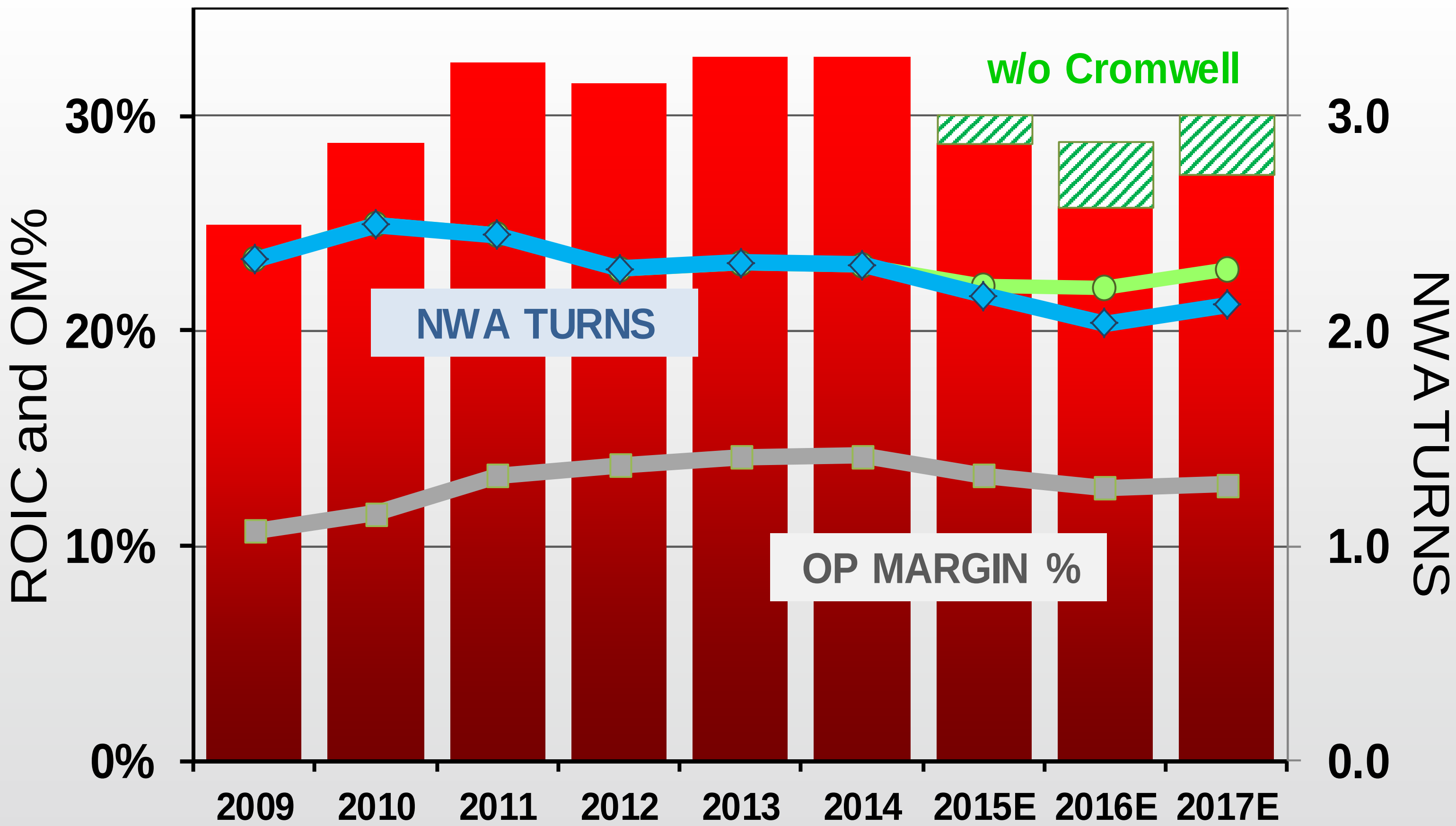
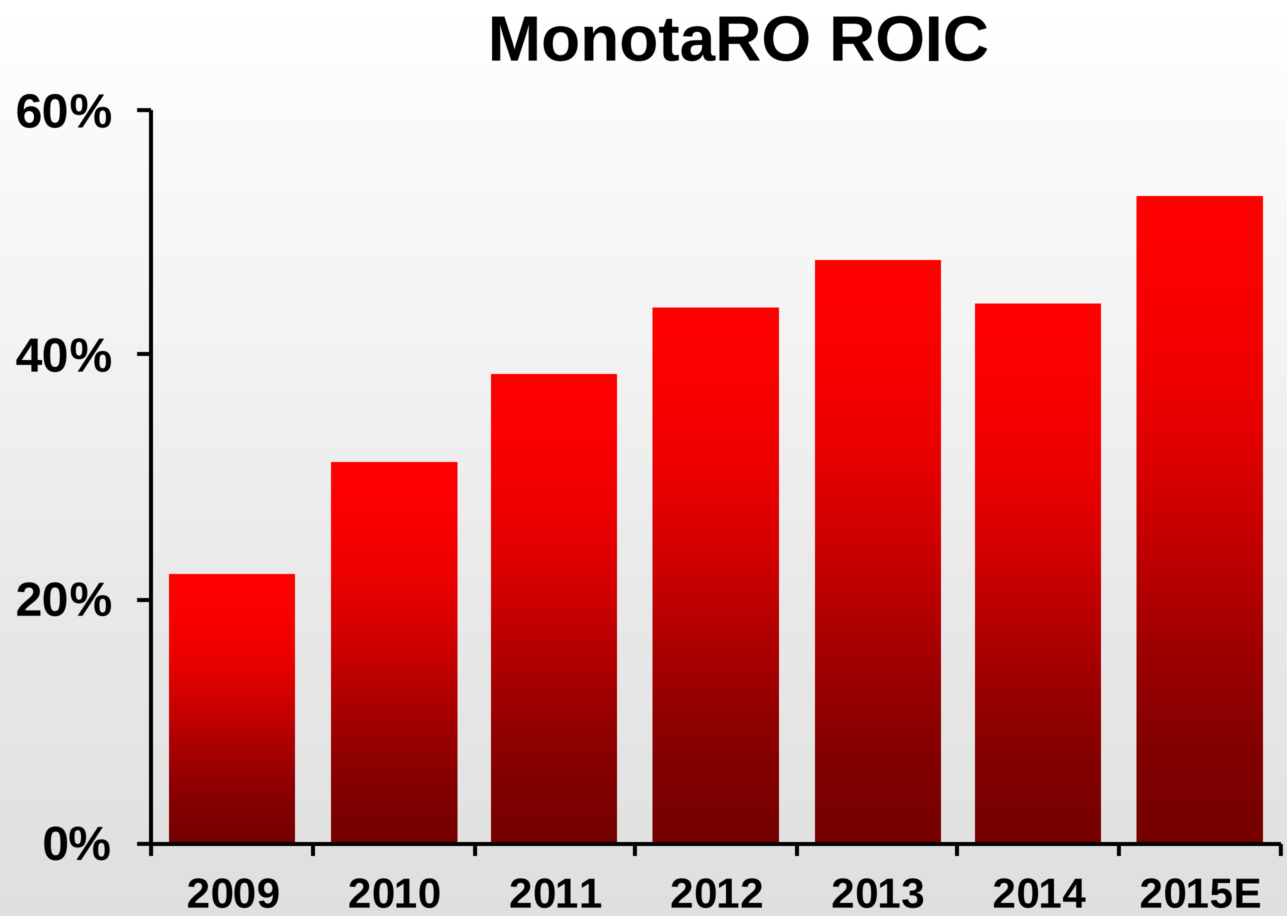
ROIC



- Continuing to achieve high ROIC through technology and DC investment phase
- Single channel and DC fulfillment trends drive lower capital intensity going forward

High ROIC of single channel online businesses



Notes: historical data per MonotaRO Co., Ltd external reporting; excludes goodwill

High MonotaRO ROIC demonstrates single channel online businesses ROIC performance

Non-operating programs

Enhanced capital and share repurchase program

- $1.8 billion in permanent debt
  - Debt rating moved from AA+ to AA- (stable)
  - Preserves ability to continue to invest in the business
- $3 billion in share buybacks 2015 - 2017
  - Expected to reduce share count by 15%-18%
- Year to date purchases as of 9/30/15: $1.2 billion
- Incremental 2016 EPS benefit of $0.30 to $0.40 per share from share purchase program

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

Non-operating programs

Clean energy investment

- Investment made in May 2015
- Operating gains & losses are recorded in “Other Income & Expense”
- Operating loss of $10.3M recorded Q3 YTD 2015
- Tax credit included in Income Tax Expense
- Sound investment – Cash flow positive within first few months
- EPS benefit estimated to be $0.09 per share in 2015
- 2016 will have 12 months of operations and EPS benefit of $0.10 to $0.15 per share

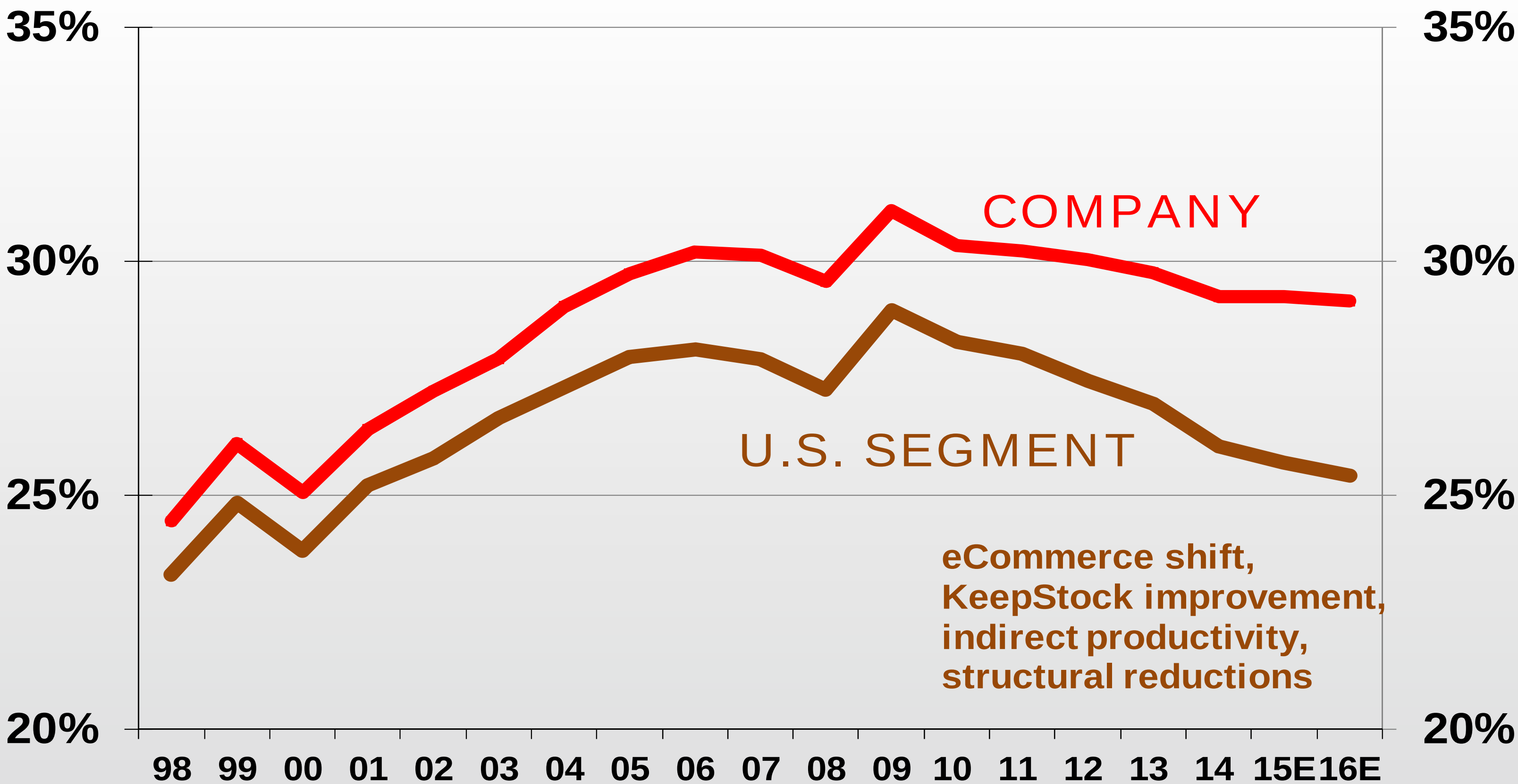
Long term operating margins & ROIC

OM%	2016E	2018E	2020E
U.S.	**17% - 17%**	**17% - 17%**	**17% - 18%**
w/o intercompany xfers	*18% - 18%*	*18% - 19%*	*19% - 19%*
Canada	**2% - 4%**	**5% - 7%**	**8% - 10%**
Other	**5% - 6%**	**8% - 9%**	**10% - 11%**
Company	**13% - 13%**	**13% - 14%**	**14% - 15%**
ROIC	***25% - 27%***	***29% - 30%***	***31% - 32%***

- Mid-single digit sales growth drives long term operating margin leverage
- U.S. margin increases in out years, after absorbing repricing of some medium customers, and absorbing high growth in intercompany transfers to Zoro
- Significant margin upside in Canada and Other Businesses
- ROIC exceeds 30% in out years on earnings and NWA leverage

Appendix

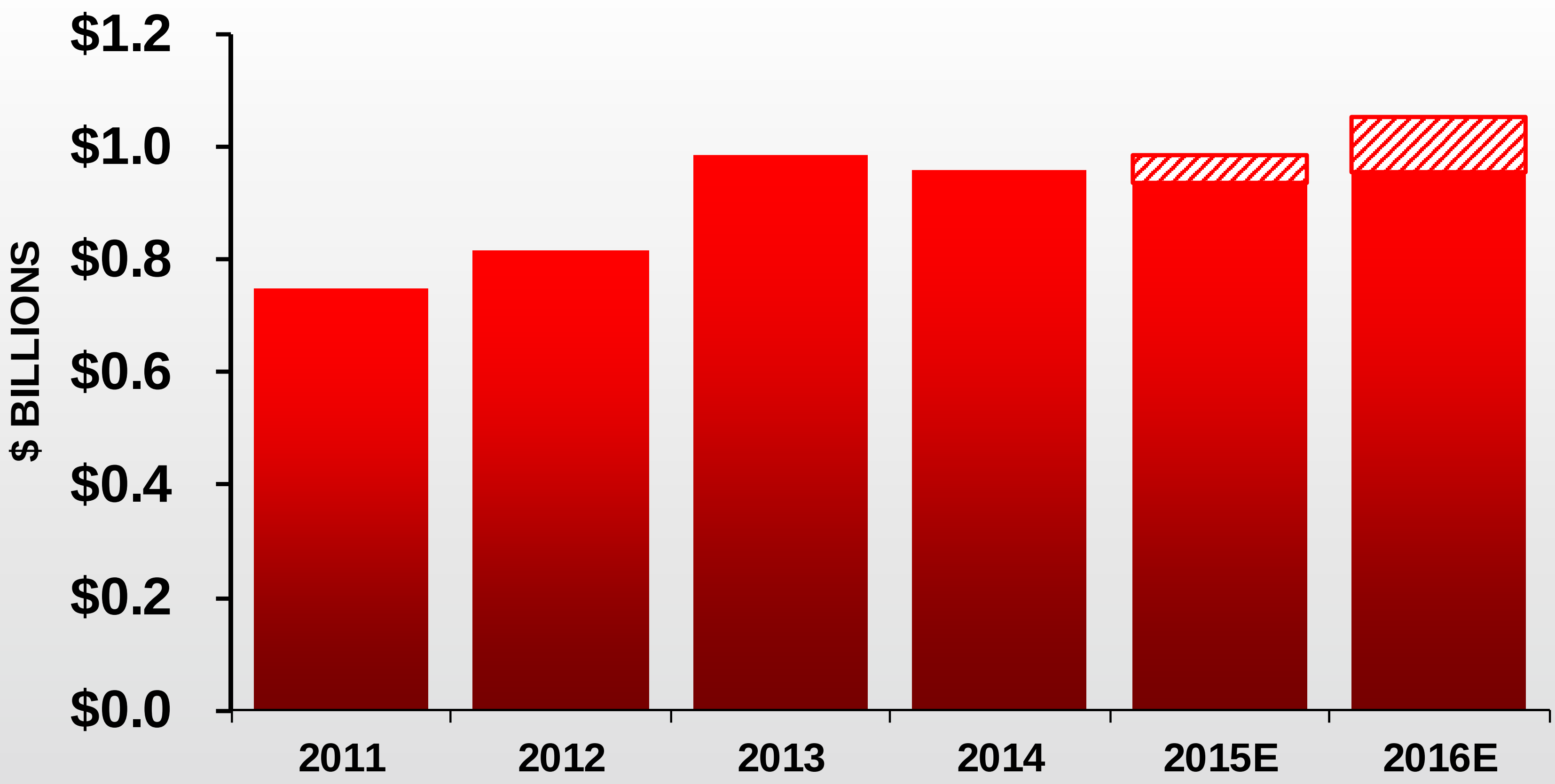
Expense %-of-sales



Excludes Cromwell acquisition

Expense productivity continues in 2016, despite low leverage from low sales growth

Cash flow from operations



Consistently producing high cash flow, even with a weak economy

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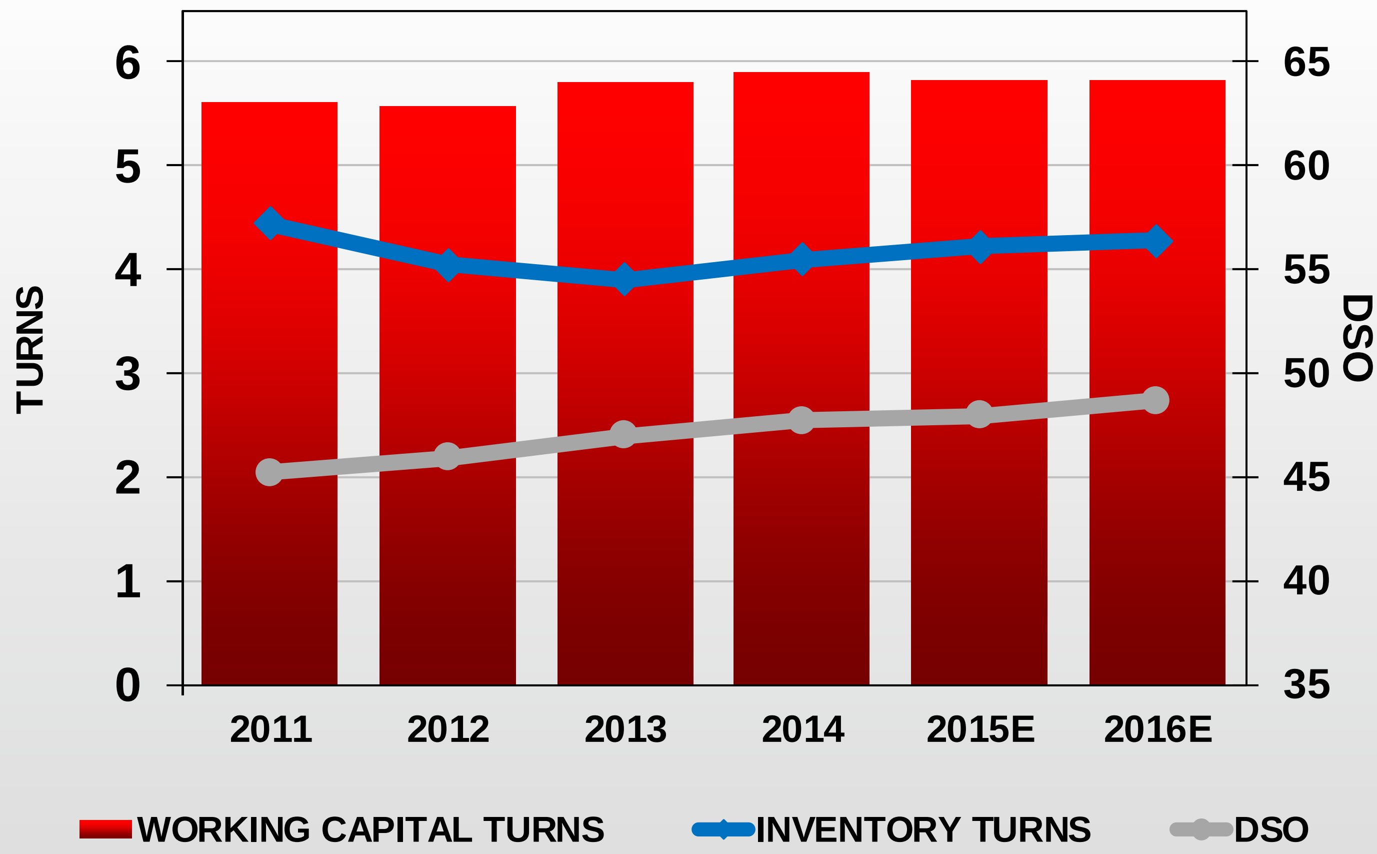
Working capital turns



Working capital turns remain on trend; inventory turns have been offsetting increasing DSO

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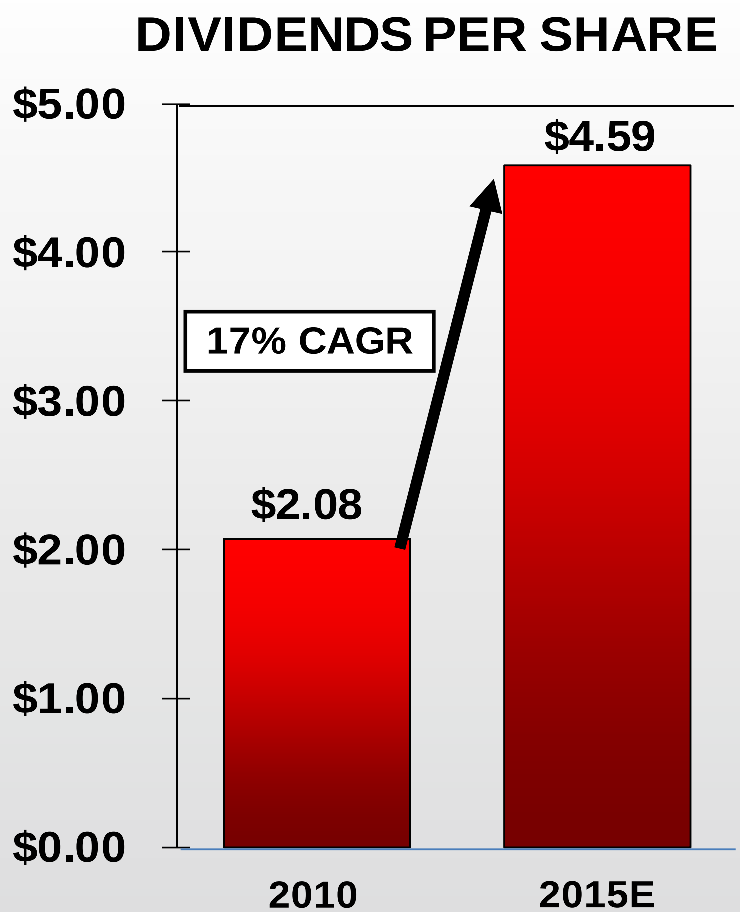
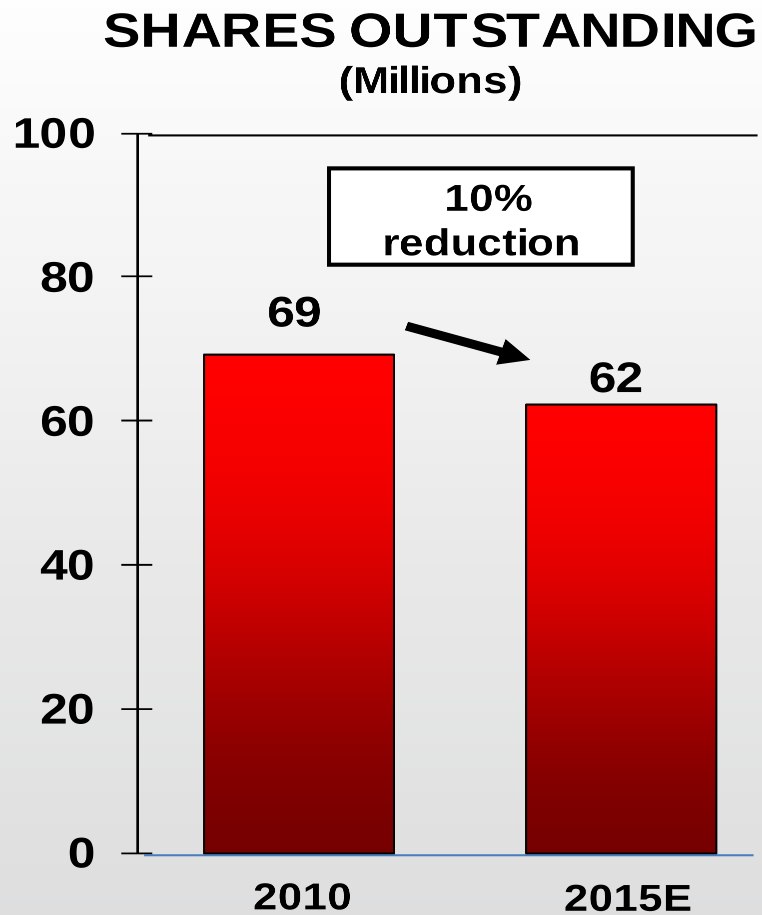
Dividends & shares





2015 was the 44th consecutive year of increased dividends; GWW is among only 3% of S&P 500 companies that have increased its dividend each year for more than four decades

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Sales days & sales growth rate

Sales Days	Q1	Q2	Q3	Q4	FULL YEAR
2016 Sales Days	**64**	**64**	**64**	**63**	**255**
2015 Sales Days	**63**	**64**	**64**	**64**	**255**
2016 vs 2015	**1**	**-**	**-**	**(1)**	**-**
2014 Sales Days	**63**	**64**	**64**	**64**	**255**
2015 vs 2014	**-**	**-**	**-**	**-**	**-**

2015E Sales	Q1A	Q2A	Q3A	Q4E	FY-E
Variance % to Prior Year	**2%**	**1%**	**-1%**	**-3 to 0%**	**-0.5 to 0.5%**

Effective Tax Rate

2016 estimate: 36.3% to 37.3%

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