Financial Overview

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Safe harbor statement

All statements in this presentation, other than those relating to historical facts, are “forward-looking statements” based on our current view of the competitive market and the overall environment. Factors that could cause our actual results to differ materially from those statements include, among other risks and uncertainties, a major loss of customers or suppliers, competitive pressures, legal proceedings, changes in laws and regulations, general economic, industry or market conditions, technological or operational disruptions, natural and other catastrophes and other factors that can be found in our filings with the Securities and Exchange Commission, including our most recent Forms 10-K and 10-Q, which are available on our Investor Relations website. We disclaim any obligation to update or revise any forward-looking statement, except as required by law.

2016 Guidance

Notes: Financials are adjusted to exclude special items that the company believes are not indicative of ongoing operations, providing better comparability to prior periods, as reported in our press release and 10-Q’s. Comments frequently reference midpoint of guidance rather than the complete range for simplicity.

2016 overview vs. 2015

<u>Revenue</u> – Organic growth (1)%

- Soft industrial economy drives lower demand and modest share gains with U.S. Large customers
- U.S. Medium customer share losses on coverage and price gaps, seeing improvement
- Single channel 30-35% growth to more than $1B, driven by new customer acquisition
- Canada down high teens on oil and gas weakness and customer disruption from SAP conversion

<u>Operating margin</u> – (110) bps vs 2015, (170) bps GP rate more than offsets +60 bps expense productivity

- Customer prices (2)% dropping faster than product cost (1)%
- Strong cost productivity driven by restructuring and incentive compensation reductions
- Negative mix as single channel growth and Cromwell acquisition outpace other growth
- Canada $(80)M operating earnings on $(165)M revenue, due to FX and price pressure, partly offset by (10)% expenses

<u>Earnings per share</u> – Leverage due to share repurchase program and lower tax rate

<u>Free cash flow</u> – Double digit increase outpaces earnings decline on lower CapEx spend and asset sales

2016 guidance – unchanged from 10/18/16

	LOW	HIGH
Sales $B	$ 10.1	$ 10.2
EPS	$11.40	$11.70
Sales growth	1.5%	2.5%
Op Earn growth	-8%	-5%
EPS growth	-5%	-2%
Op Margin %	12.3%	12.5%
Op Margin vs PY	(120) bps	(100) bps
Free Cash Flow $M [1]	$ 675	$ 700
Variance vs PY	10%	14%

- Sales trending to lower end of guidance
- EPS trending to midpoint of guidance
- Free Cash Flow far outpacing Op Earnings on lower CapEx and asset sales

1. Free Cash Flow = Op Cash Flow minus CapEx net of asset proceeds

As of 11/11/16. See footnote on p3.

4Q 2016 guidance

	LOW	HIGH
Sales $B	**$ 2.5**	**$ 2.6**
EPS	**$ 2.27**	**$ 2.57**
Sales growth [1]	**-1.1%**	**2.9%**
Op Earnings growth	**-11%**	**1%**
EPS growth	**-9%**	**3%**
Op Margin %	**10.3%**	**11.1%**
Op Margin versus PY	**(110)** bps	**(30)** bps

- Earnings decline driven by lower gross profit rate
- October and November month-to-date sales growth at low end of guidance

1. As reported. 4Q Sales growth reflects one fewer sales day. On a daily basis 4Q Sales growth is projected to be 0.5% to 4.5%.

As of 11/11/16. See footnote on p3.

2017 Guidance

Notes: Financials are adjusted to exclude special items that the company believes are not indicative of ongoing operations, providing better comparability to prior periods, as reported in our press release and 10-Q's. Comments frequently reference midpoint of guidance rather than the complete range for simplicity.

2017 overview vs. 2016

Revenue – Mid-single digit growth on modest improvement in the MRO market and share

- Continued modest U.S. Large customer share gains, U.S. Medium customer share stabilizes
- Single channel 25-30% growth to $1.3B, driven by new customer acquisition
- Canada rebounds as oil and gas, FX and customer disruption from SAP conversion stabilize
- Price (1)% vs (2)% in 2016 on targeted increases in the U.S. and broader increases in Canada

Operating margin – (45) bps vs prior year or (50) cents EPS, driven by declining GP rate

- Smaller U.S. price decline (1)% helps narrow negative spread versus cost deflation (0.5)%
- Canada price outpaces cost inflation and FX stabilizes to offset negative mix from robust single channel growth, no Cromwell mix as acquisition is lapped in 2016
- Underlying expense productivity similar to 2016, but restoring incentive compensation costs and NEDC investment offset for flat expense ratio

Earnings per share – Leverage due to share repurchase program, (10) cents lower EPS on $200M from share repurchase program deferred beyond 2017

Free cash flow – Continues to outpace earnings growth on lower CapEx and asset sales

2017 guidance

	LOW	MID-PT	HIGH
Sales $B	$ 10.4	$ 10.6	$ 10.8
EPS	$ 11.30	$ 11.85	$ 12.40
Sales growth	2%	4%	6%
Op Earn growth	-4%	0%	4%
EPS growth	-2%	3%	7%
Op Margin %	11.7%	11.9%	12.2%
Op Margin % vs PY	(70) bps	(45) bps	(20) bps
Free Cash Flow $M	$ 700	$ 740	$ 780
Variance vs PY	2%	8%	13%

- Mid-single digit revenue growth on modest improvement in MRO market and share
- Operating margin declines (45) bps due to lower gross profit rate, productivity offset by restoring incentive compensation to target and NEDC start-up
- Operating margin bottoms out, with increases expected in future years
- Free Cash Flow outpaces flat earnings on lower CapEx in 2017 and asset sales

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As of 11/11/16. See footnote on p7.

Revenue growth drivers

	2016E	2017E LOW	2017E HIGH
Single Channel Share	3 %	2	3 %
U.S. Multichannel Share	1	1	2
Canada/Other Bus. Share	(1)	1	1
Total Share Gain	3	4	6
MRO Market	(2)	(1)	1
Market & Share Gain	1	3	7
Price	(2)	(1)	(1)
Organic Growth	(1)	2	6
Acquisitions	3	0	0
Total	2 %	2	6 %

- Organic growth improves from (1)% to 4% at midpoint
- Price deflation shrinks on targeted U.S. increases, broader increases in Canada
- Single channel model continues strong growth, 50% of volume growth
- U.S. Large share expands modestly and Medium share stabilizes
- Canada/Other Businesses improve from (1)% in 2016 to 1% in 2017

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2017 guidance by segment

% of Company Sales [1]	*72%*		*7%*		*21%*		*100%*	
	U.S.		**CANADA**		**OTHER**		**COMPANY** [2]	
	LOW	**HIGH**	**LOW**	**HIGH**	**LOW**	**HIGH**	**LOW**	**HIGH**
Sales growth	**0%**	**4%**	**5%**	**11%**	**14%**	**18%**	**2%**	**6%**
Op Earnings growth	**-6%**	**0%**	**65%**	**80%**	**15%**	**25%**	**-4%**	**4%**
Op Margin % vs PY	**(100)**	**(50)**	**420**	**520**	**5**	**35**	**(70)**	**(20)** bps

U.S. w/o intercompany transfers ***(primarily Zoro)***

Op Margin % vs PY	**(80)**	**(30)**

- U.S. margin decline driven by lower gross profit rate, declining at half the rate of 2016
- Expense productivity offset by higher incentive compensation and NEDC investment
- Canada oil and gas and customer disruption from SAP conversion stabilize in 2017
- Strong sales and earnings leverage in single channel businesses drive Other

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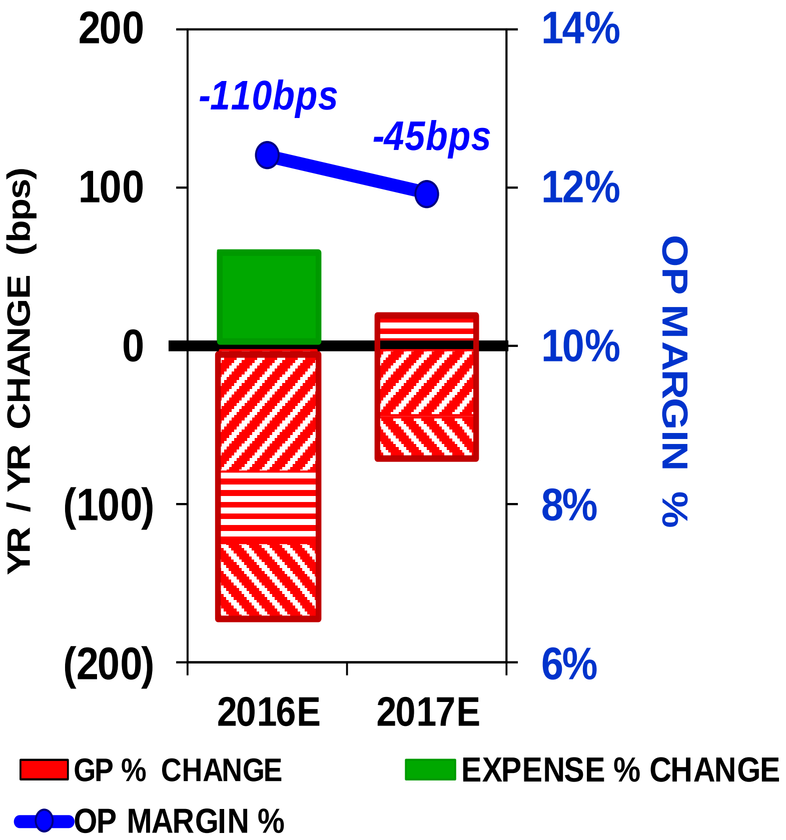
1. % of Company Sales excludes intercompany transfers 2. Company includes unallocated expenses and eliminations

As of 11/11/16. See footnote on p7.

Operating margin drivers – gross profit rate



GROSS PROFIT % CHANGE (bps):

U.S. – GP rate declines (80) bps in 2016 vs (40) bps in 2017

- 2016 – Price deflation (2)% exceeds cost (1)%
- 2017 – Price (1)%/cost (0.5)% deflation gap narrows

CANADA – GP rate declines (40) bps in 2016 vs +20 bps in 2017

- 2016 – Price (2)% vs cost/FX +5%, freight from direct-to-customer shipping (DTC) start-up
- 2017 – Price +2% vs cost +1.5%, DTC improves to 70%

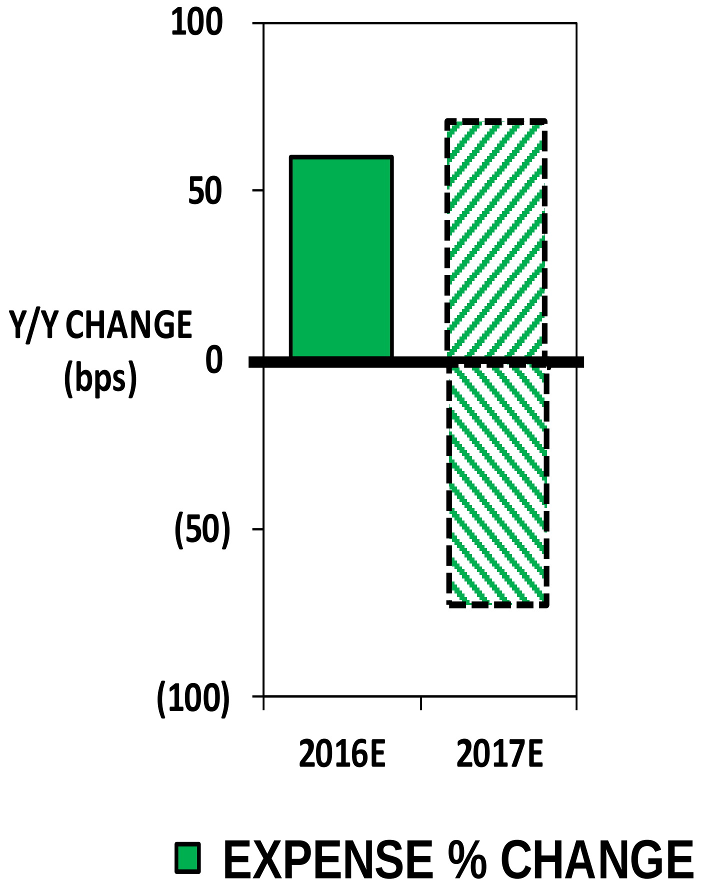
Other – GP rate declines (50) bps in 2016 vs (25) bps in 2017

- 2016 – Negative mix from acquisition and single channel growth
- 2017 – Cromwell acquisition lapped in 3Q16, negative mix of single channel growth continues at lower rate

- GP rate decline much smaller in 2017 as U.S. price/cost deflation gap narrows and medium customer share stabilizes, Canada recovery offsets mix from single channel growth and Cromwell acquisition is lapped
- Operating margin bottoms in 2017, moderating GP weakness in 2018-19 more than offset by cost productivity

Note: All basis points (bps) shown represent effect on company gross profit rate

Operating margin drivers – expenses



EXPENSE % CHANGE (bps):

<u>2016</u> – +60 bps productivity vs 2015

- Primarily driven by restructuring savings, partially offset by growth spending

<u>2017</u> – +70 bps productivity vs 2016 absent wraparound costs

- Restructuring savings 105 bps as planned
- Growth spend including Inside sellers (35) bps
- Wraparound costs (70) bps due to employee incentive compensation at target, NEDC startup

Underlying 2017 expense productivity remains strong, once costs are reset in 2017 for employee incentive programs and NEDC, productivity more than offsets GP softness in future years

Note: All basis points (bps) shown represent effect on company op margin rate

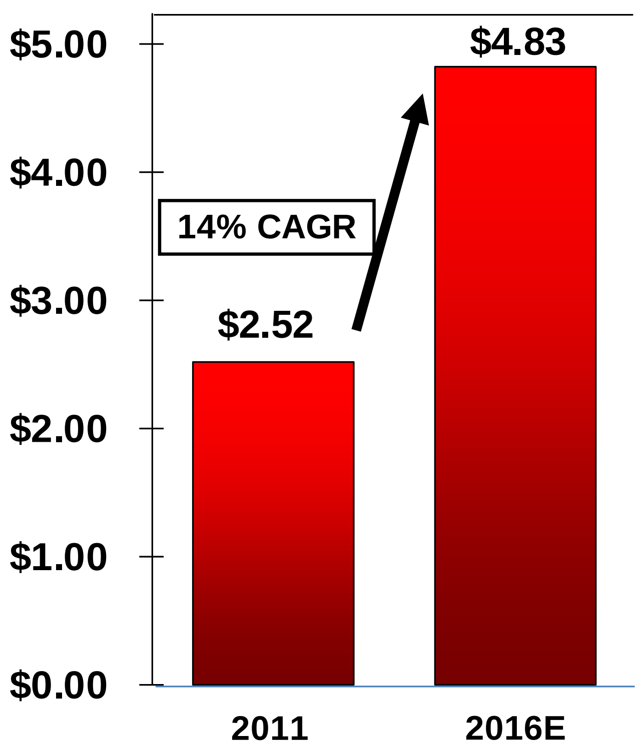
Sources and uses of cash

$ Millions	2016E LOW	2016E HIGH	2017E LOW	2017E HIGH
Op Cash Flow	$ 940	$ 980	$ 910	$ 1,010
LT Debt	400	400	400	400
Other	85	95	90	110
Sources	$ 1,425	$ 1,475	$ 1,400	$ 1,520
CapEx (gross)	$ 285	$ 315	$ 250	$ 275
Share Repurchases	800	800	600	600
Dividends	295	295	295	295
ST Debt	45	65	255	350
Uses	$ 1,425	$ 1,475	$ 1,400	$ 1,520

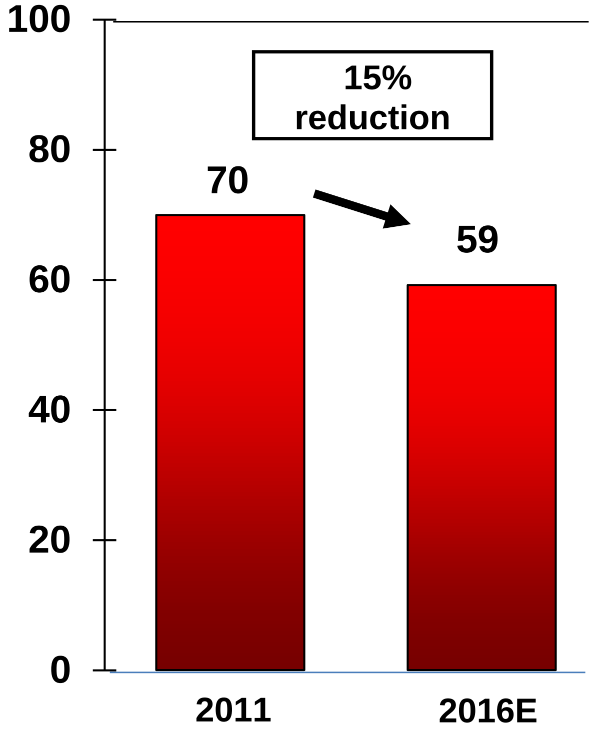
- High cash returns to shareholders, despite weak MRO market and margin pressure
- Capital expenditures and depreciation expense converge in 2017
- Deferring $200M in share repurchase from 2017 to reduce short-term debt, (10) cents lower EPS
- Expected 2017 dividend increase offset by lower share count

Dividends and shares outstanding

DIVIDENDS PER SHARE



SHARES OUTSTANDING
(Millions)



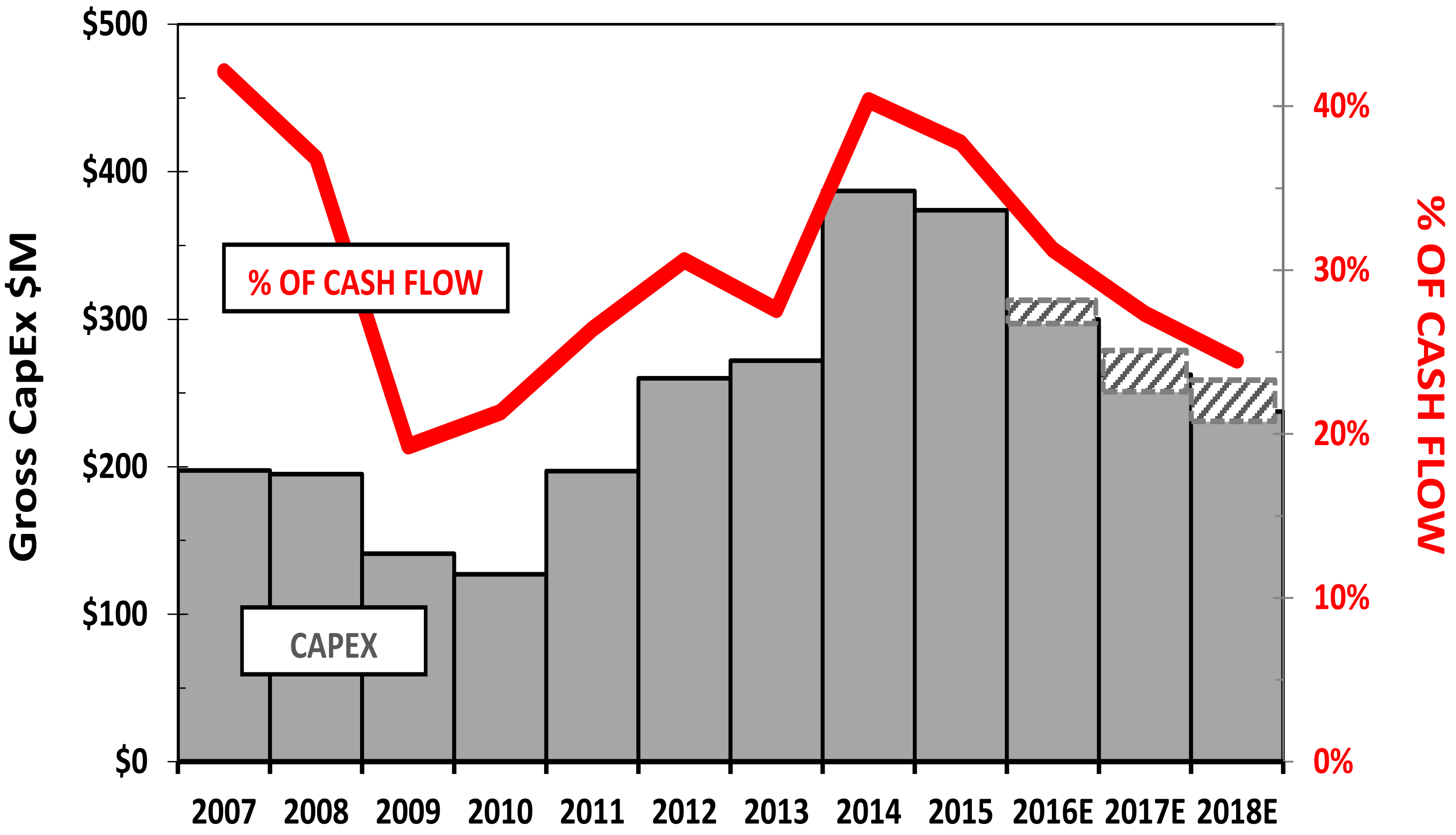
- 2016 is the 45th consecutive year of increased dividends; GWW is among only 3% of S&P 500 companies that have increased its dividend each year for more than four decades
- Mid-teens share reduction accelerated by share repurchase program

Debt outlook

$Billions	2016E	2017E	2018E
Short-term Debt	**$ 0.4**	**0.2**	**$ 0.1**
Long-term Debt	**1.9**	**2.3**	**2.3**
Total Debt	**$ 2.3**	**2.5**	**$ 2.4**
EBITDA	**$ 1.5**	**1.5**	**$ 1.6**
DEBT / EBITDA ratio	**1.5**	**1.6**	**1.5 X**

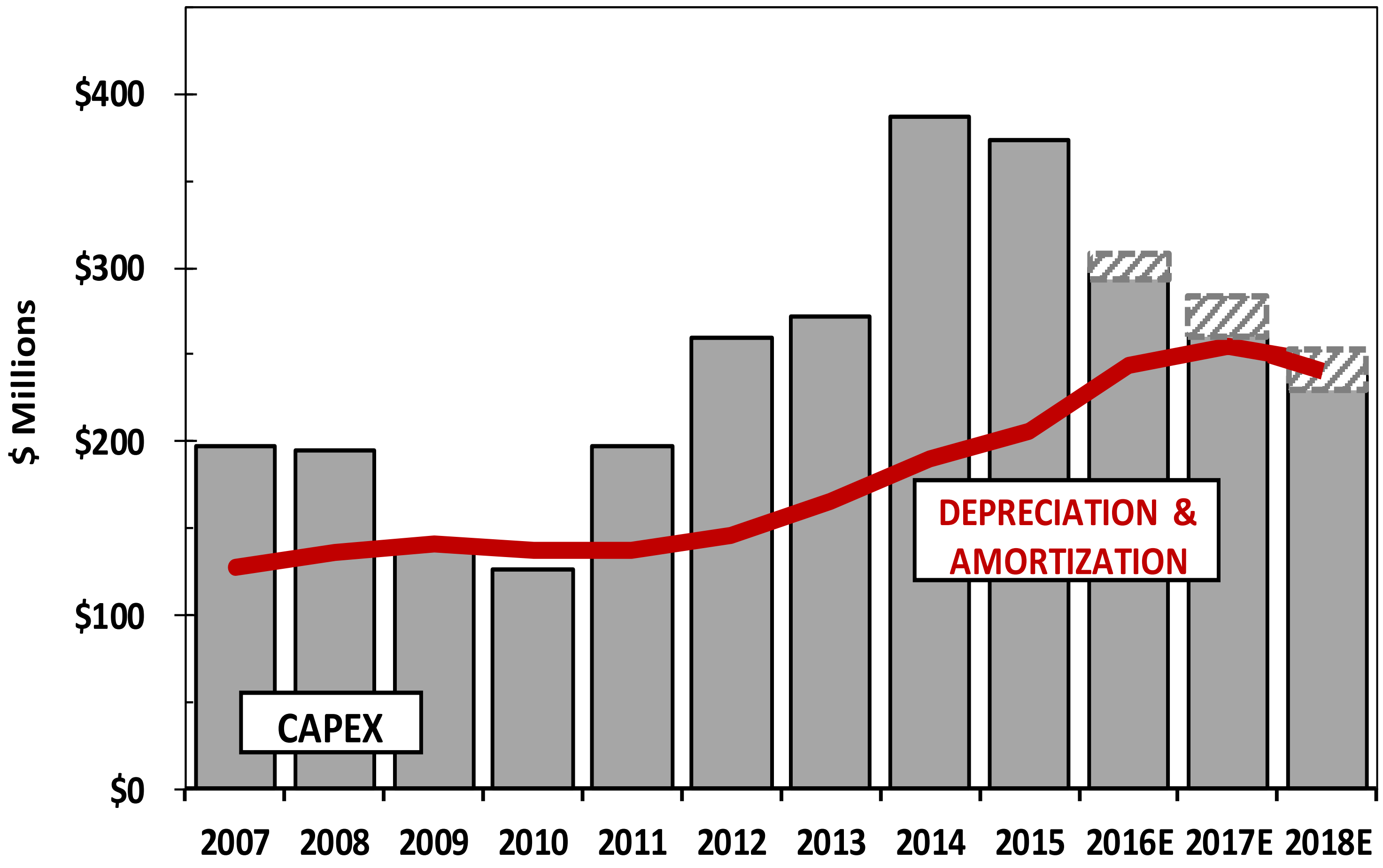
- 2017 completes 3-year $1.8B debt issuance program
- Remain committed to 1.0 – 1.5X Debt/EBITDA ratio supported by short-term debt reductions

Capital spending trend



Capital spend normalizes after peak 2014, post North America DCs, SAP and eCommerce platform build, declining through 2018

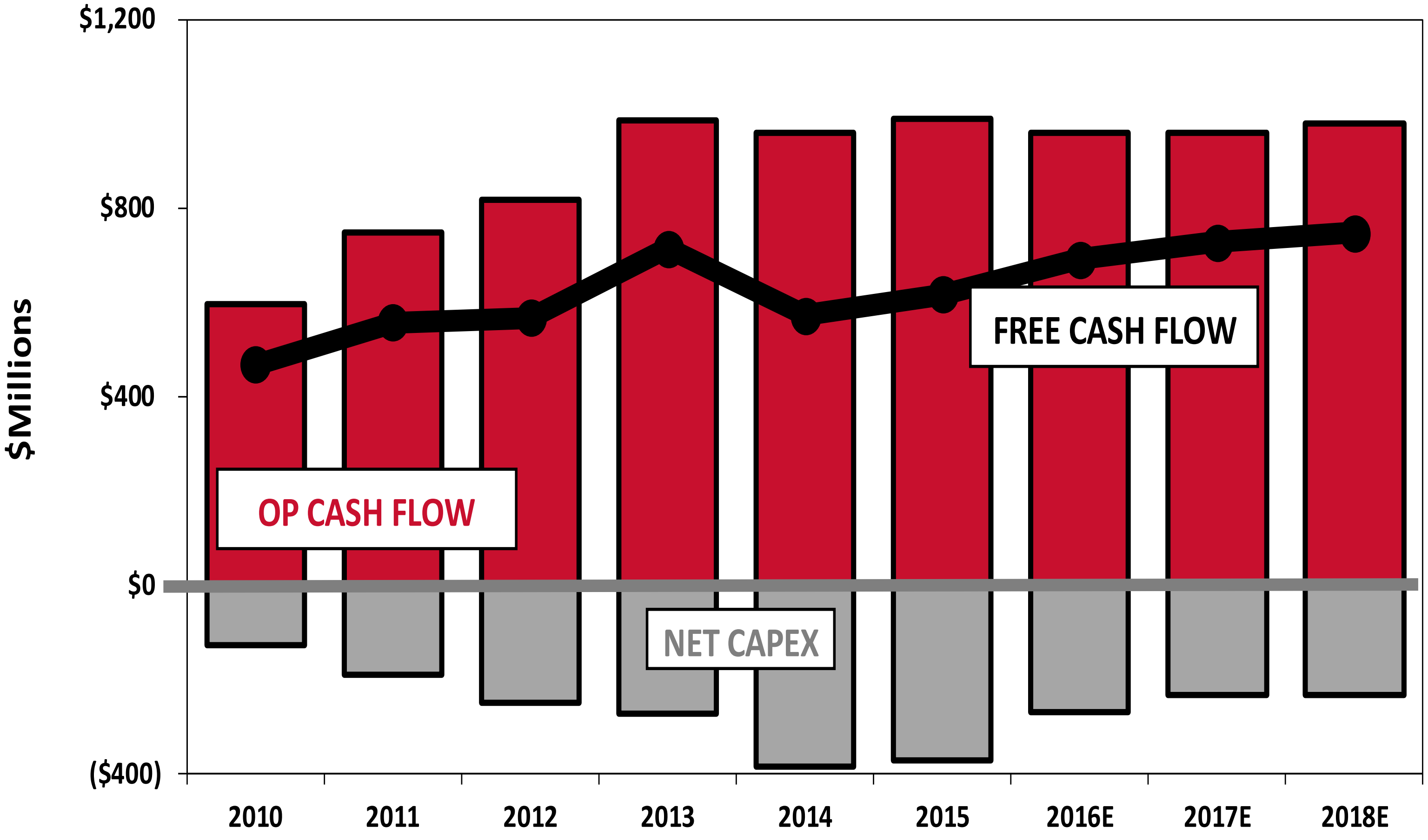
Capital spending versus depreciation & amortization



D&A ramp lags CapEx cash outflows, peaks in 2017 and equals CapEx

1. CapEx = gross

Free cash flow



- Strong and stable cash flow in a weak MRO market
- Well-positioned for strong free cash flow generation through 2018

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Operating margin guidance

	2017E	2019E	2021E
U.S.	**16% - 16%**	**15% - 16%**	**16% - 16%**
w/o intercompany transfers	*17% - 17%*	*17% - 17%*	*18% - 18%*
Canada	**(2%) - (1%)**	**2% - 4%**	**7% - 9%**
Other	**6% - 7%**	**8% - 10%**	**10% - 11%**
Company[1]	**12% - 12%**	**12% - 13%**	**13% - 14%**
ROIC	***24% - 26%***	***27% - 29%***	***31% - 33%***

- U.S. margins steady, as expense productivity helps offset GP decline and growth accelerates
- Canada begins to recover on growth, expense leverage and improved price/cost spread
- Other Business margins expand with better economy, scale and strong single channel growth
- Company margin bottoms out in 2017 and increases on continued strong productivity

1. Company includes unallocated expenses and eliminations

As of 11/11/16. See footnote on p7.

Where we are headed

Unique value for a broader set of customers
- Stronger volume growth across more customer types and geographies

Improved financials
- OE expansion driven by stable gross profit margins, SG&A leverage
- Strong free cash flow growth

Effortless customer experience
- Competitively advantaged product offer and delivery performance
- Leading digital experience
- Simplified pricing

Q&A


Thank you

Appendix

Restructuring costs and benefits

($Millions)	Cost			Savings	
	'15	'16	'17	'16	Annualized
US					
Branch/Contact Ctr	**15**	**0-5**	**5-10**	**15-20**	**25-35**
Sales/ IT/Other	**21**	**25-30**	**0-5**	**35-40**	**55-65**
Canada[1]	**4**	**25-30**	**0-5**	**5-10**	**10-20**
Total	**40**	**50-65**	**5-20**	**55-70**	**90-120**

Restructuring costs and savings tracking to plan

1. Canada 2016 restructuring costs include $10M E&O reserve adjustment, which was not part of November 2015 guidance

Non-operating programs

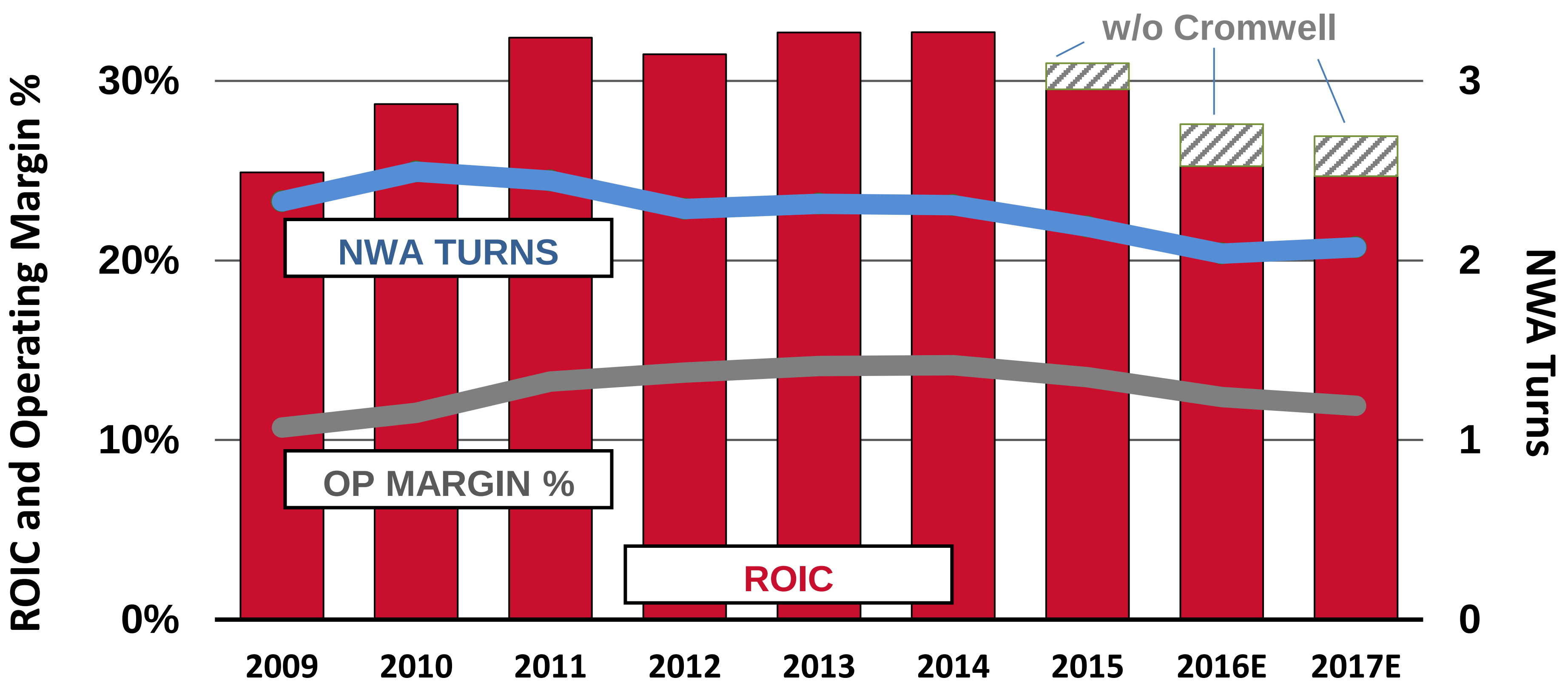
Clean energy investments

- Investments made in 2015 and 2016
- Operating gains and losses are recorded in Other Income & Expense
- Operating loss for 2016 estimated to be $28M
- Tax credits included in Income Tax Expense
- Cash flow positive within first few months
- EPS benefit estimated to be $0.10 per share in 2016
- 2017 EPS benefit expected to be similar to 2016

Effective tax rate

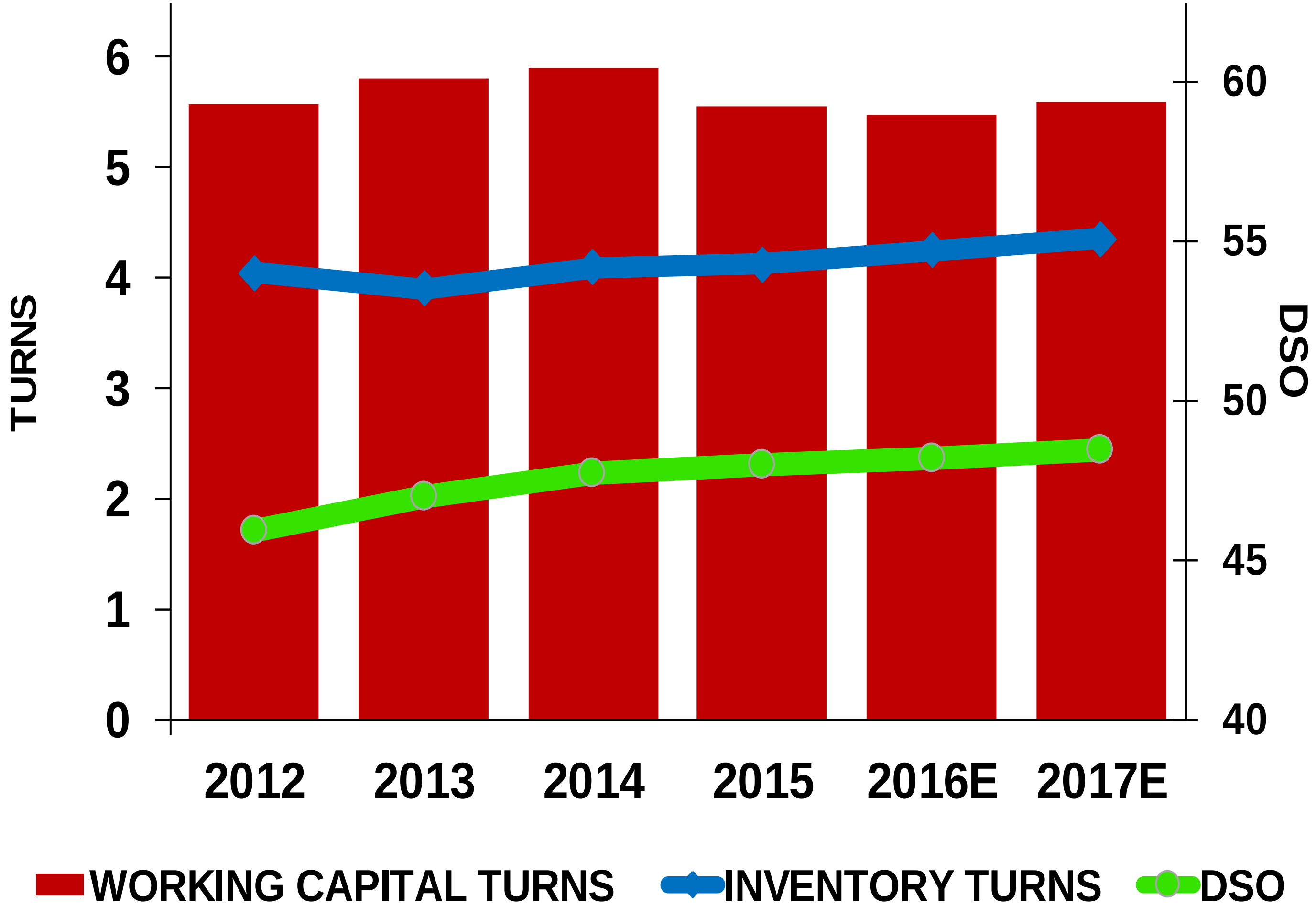
- 2017E 36.0% to 37.0%
- 2016E 36.0% to 37.0%

Return on invested capital (ROIC)



ROIC decreases with lower earnings, CapEx build and Cromwell acquisition, then flattens in 2017 and expands thereafter

Working capital turns



- Working capital turns remain on trend
- Inventory turns offset increased DSO

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Sales days and growth rate

Sales Days	Q1	Q2	Q3	Q4	FULL YEAR
2017 Sales Days	64	64	63	63	254
2016 Sales Days	64	64	64	63	255
2017 vs 2016	-	-	(1)	-	(1)
2015 Sales Days	63	64	64	64	255
2016 vs 2015	1	-	-	(1)	-

*2016E Sales growth**	Q1A	Q2A	Q3A	Q4E	FY-E
Total	1%	2%	3%	0.5 to 4.5%	1.5 to 2.5%
Organic	-2%	-2%	0%	0.0 to 4.0%	-1.0 to 0.0%

** Daily Variance % to Prior Year*

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