News Release

W.W. Grainger, Inc.
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GRAINGER PROVIDES OUTLOOK AT ANALYST MEETING

Reiterates 2014 guidance and issues 2015 EPS guidance of $12.90 to $13.80

CHICAGO, November 12, 2014 – Grainger (NYSE: GWW), the leading broad line supplier of maintenance, repair and operating (MRO) products serving businesses and institutions, today held its Annual Analyst Meeting in Lake Forest, Illinois. Grainger Chairman, President and Chief Executive Officer Jim Ryan hosted the event. The meeting also included presentations from other Grainger leaders.

"We continue to lead the consolidation of the large and highly fragmented MRO industry by responding to the evolving needs of our customers. In order to accelerate our share gain, we plan to increase our investments in growth and infrastructure in 2015 by an incremental $115 million to $150 million. These investments will also further strengthen our foundation that provides scale advantage for both our multichannel and single channel online models. We are stepping up our productivity efforts and expect to fund these investments through cost savings," said Mr. Ryan.

As part of the meeting, Grainger provided the following outlook for sales and earnings in 2014 and 2015:

- For the 2014 fourth quarter, the company is forecasting sales to increase 4 to 5.5 percent and expects earnings per share of $2.75 to $2.85.
- For the full year 2014, the company reiterated its sales growth forecast of 5 to 5.5 percent and earnings per share guidance of $12.20 to $12.30.
- For the full year 2015, the company is forecasting sales growth of 5 to 9 percent and expects earnings per share of $12.90 to $13.80.

The company also discussed plans to refocus its international portfolio and announced its decision to exit Brazil. Grainger Brazil was acquired in 2012 and today represents approximately $30 million in revenue with substantial losses. Exit costs for Brazil are estimated at $30 million to $40 million. Grainger also announced plans to take out 10 to 15 percent of the cost structure of Fabory, its multichannel business headquartered in the Netherlands. Sales for Fabory in 2014 are expected to be approximately $280 million, or 2.8 percent of company sales. Restructuring costs for Fabory are estimated at $5 million to $10 million. The company plans to execute these changes over the next six to 12 months. Fabory is expected to be breakeven in 2015 and reach profitability in 2016. Company guidance excludes the expected restructuring costs.

As part of its 2015 incremental growth and infrastructure spending, Grainger announced plans to increase its investment in its single channel online businesses. Revenues for these businesses, which include MonotaRO in Japan and Zoro in the United States, Canada and Europe, are expected to increase 33 percent to approximately $800 million in 2015, contributing two to three percentage points to total company revenue growth. Given the strong growth of these businesses, the company plans to aggressively invest in the development of the single channel online model in Europe, representing approximately $0.20 to $0.25 per share in costs for 2015.

Finally, Grainger updated its longer term financial objectives. The company reiterated plans for operating margins in the range of 16 to 17 percent by the year 2019. This improvement is expected to come from organic sales growth in the high single digits and long term operating margin expansion averaging 30 to 60 basis points per year. For reference, Grainger's operating margin in 2014 is expected to be 14.3 percent, excluding restructuring charges and unusual items.

Information presented at the Annual Analyst Meeting, including details supporting the company's guidance and longer term expectations, can be found in the News and Events section of the Investor Relations web site, www.grainger.com/investor.

W.W. Grainger, Inc., with 2013 sales of $9.4 billion, is North America's leading broad line supplier of maintenance, repair and operating products, with operations in Asia, Europe and Latin America.

Forward-Looking Statements

This document contains forward-looking statements under the federal securities law. Forward-looking statements relate to the company's expected future financial results and business plans, strategies and objectives and are not historical facts. These forward looking statements include the company's expected or forecasted sales, earnings, investments, exits, restructurings, margins, earnings per share, and any associated guidance. There are risks and uncertainties, the outcome of which could cause the company's results to differ materially from what is projected. The 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 & Exchange Commission, containing a discussion of the company's business and various factors that may affect it.

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