News Release

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

Reiterates 2016 guidance and issues 2017 EPS guidance of $11.30 to $12.40

CHICAGO, November 11, 2016 – Grainger (NYSE: GWW), the leading broad line supplier of maintenance, repair and operating products (MRO) serving businesses and institutions, today held its Annual Analyst Meeting in Lake Forest, Illinois. DG Macpherson, Grainger Chief Executive Officer, hosted the event. The meeting also included presentations from other Grainger leaders.

"Over the past several years, we have invested to position our business for long-term success and meet the evolving needs of our customers," said Chief Executive Officer DG Macpherson. He added, "We are leveraging these investments to provide unique value to customers of all types and sizes. And, we expect to enhance our industry-leading customer experience by making our pricing simpler and more relevant to drive faster growth and stronger share gain in our U.S. business for a broader set of customers. We expect that these actions, along with continued reductions in our cost structure and a turn-around of our business in Canada, will improve our financial performance and strengthen returns to shareholders," Macpherson concluded.

As part of the meeting, Grainger provided the following outlook for sales and earnings in 2016 and 2017, adjusted for special items that the company believes are not indicative of ongoing operations:

- For the 2016 fourth quarter, the company is forecasting sales of -1 to 3 percent and expects earnings per share of $2.27 to $2.57.
- For the full year 2016, the company reiterated its sales forecast of 1.5 to 2.5 percent and earnings per share guidance of $11.40 to $11.70.
- For the full year 2017, the company is forecasting sales growth of 2 to 6 percent and earnings per share of $11.30 to $12.40.

Grainger also updated its longer term operating margin targets. The company now expects operating margins, excluding special items that the company believes are not indicative of ongoing operations, to increase from a range of 11.7 to 12.2 percent in 2017 to a range of 13 to 14 percent by the year 2021. This 25 to 50 basis point improvement per year is expected to come from organic sales growth in the mid to high single-digits and continued strong cost productivity. In addition, Grainger expects its Return on Invested Capital (ROIC)* to improve from a range of 24 to 26 percent in 2017 to 31 to 33 percent in 2021 driven by higher sales and operating margins, lower capital spending and increased productivity across its existing asset base.

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 website, www.grainger.com/investor.

About Grainger

W.W. Grainger, Inc., with 2015 sales of $10 billion, is North America's leading broad line supplier of maintenance, repair and operating products (MRO), with operations also in Europe, Asia and Latin America.

*Return on Invested Capital (ROIC)

The GAAP financial statements are the source for all amounts used in the Return on Invested Capital (ROIC) calculation. ROIC is calculated using operating earnings divided by net working assets (a 4-point average for the year). Net working assets are working assets minus working liabilities defined as follows: working assets equal total assets less cash equivalents, deferred taxes and investments in unconsolidated entities, plus the LIFO reserve. Working liabilities are the sum of trade payables, accrued compensation and benefits, accrued contributions to employees' profit sharing plans and accrued expenses.

Safe Harbor Statement

All statements in this communication, 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.

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