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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549  
**FORM 10-Q**

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the quarterly period ended September 30, 2025**
- OR**
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**  
**Commission file number 1-5684**

**W.W. Grainger, Inc.**

(Exact name of registrant as specified in its charter)

<b>Illinois</b> (State or other jurisdiction of incorporation or organization)	<b>36-1150280</b> (I.R.S. Employer Identification No.)
<b>100 Grainger Parkway</b> <b>Lake Forest, Illinois</b> (Address of principal executive offices)	<b>60045-5201</b> (Zip Code)

Registrant's telephone number, including area code: (847) 535-1000  
Securities registered pursuant to Section 12(b) of the Act:

<u><b>Title of Each Class</b></u>	<u><b>Trading Symbol</b></u>	<u><b>Name of Each Exchange on Which Registered</b></u>
Common Stock	GWW	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer  Accelerated Filer  Non-accelerated Filer  Smaller Reporting Company  Emerging Growth Company   
If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

There were 47,549,337 shares of the Company's Common Stock outstanding as of October 24, 2025.

## **TABLE OF CONTENTS**

Page

### **PART I - FINANCIAL INFORMATION**

Item 1:	Financial Statements (Unaudited)	
	Condensed Consolidated Statements of Earnings for the Three and Nine Months Ended September 30, 2025 and 2024	<a href="#"><u>3</u></a>
	Condensed Consolidated Statements of Comprehensive Earnings for the Three and Nine Months Ended September 30, 2025 and 2024	<a href="#"><u>4</u></a>
	Condensed Consolidated Balance Sheets as of September 30, 2025 and December 31, 2024	<a href="#"><u>5</u></a>
	Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2025 and 2024	<a href="#"><u>6</u></a>
	Condensed Consolidated Statements of Shareholders' Equity for the Three and Nine Months Ended September 30, 2025 and 2024	<a href="#"><u>7</u></a>
	Notes to Condensed Consolidated Financial Statements	<a href="#"><u>9</u></a>
Item 2:	Management's Discussion and Analysis of Financial Condition and Results of Operations	<a href="#"><u>18</u></a>
Item 3:	Quantitative and Qualitative Disclosures About Market Risk	<a href="#"><u>33</u></a>
Item 4:	Controls and Procedures	<a href="#"><u>33</u></a>

### **PART II - OTHER INFORMATION**

Item 1:	Legal Proceedings	<a href="#"><u>34</u></a>
Item 1A:	Risk Factors	<a href="#"><u>34</u></a>
Item 2:	Unregistered Sales of Equity Securities and Use of Proceeds	<a href="#"><u>34</u></a>
Item 5:	Other Information	<a href="#"><u>34</u></a>
Item 6:	Exhibits	<a href="#"><u>36</u></a>
Signatures		<a href="#"><u>37</u></a>

**PART I – FINANCIAL INFORMATION**

**Item 1: Financial Statements**

**W.W. Grainger, Inc. and Subsidiaries**  
**CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**  
(In millions of dollars and shares, except for per share amounts)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net sales	\$ 4,657	\$ 4,388	\$ 13,517	\$ 12,935
Cost of goods sold	2,859	2,668	8,254	7,853
Gross profit	1,798	1,720	5,263	5,082
Selling, general and administrative expenses	1,287	1,034	3,402	3,078
Operating earnings	511	686	1,861	2,004
Other expense (income):				
Interest expense – net	20	19	61	60
Other – net	(1)	(4)	(10)	(18)
Total other expense – net	19	15	51	42
Earnings before income taxes	492	671	1,810	1,962
Income tax provision	171	166	481	470
Net earnings	321	505	1,329	1,492
Less net earnings attributable to noncontrolling interest	27	19	74	58
Net earnings attributable to W.W. Grainger, Inc.	\$ 294	\$ 486	\$ 1,255	\$ 1,434
Earnings per share:				
Basic	\$ 6.13	\$ 9.90	\$ 26.02	\$ 29.10
Diluted	\$ 6.12	\$ 9.87	\$ 25.97	\$ 29.00
Weighted average number of shares outstanding:				
Basic	47.8	48.8	48.0	49.0
Diluted	47.9	48.9	48.1	49.2

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

**W.W. Grainger, Inc. and Subsidiaries**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS**  
(In millions of dollars)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net earnings	\$ 321	\$ 505	\$ 1,329	1,492
Other comprehensive earnings (losses):				
Foreign currency translation adjustments	(28)	79	85	(32)
Postretirement benefit plan losses – net of tax expense of \$1, \$1, \$3, and \$3, respectively	(3)	(3)	(9)	(10)
Total other comprehensive earnings (losses)	(31)	76	76	(42)
Comprehensive earnings – net of tax	290	581	1,405	1,450
Less comprehensive earnings (losses) attributable to noncontrolling interest				
Net earnings	27	19	74	58
Foreign currency translation adjustments	(11)	38	21	(4)
Total comprehensive earnings (losses) attributable to noncontrolling interest	16	57	95	54
Comprehensive earnings attributable to W.W. Grainger, Inc.	<u>\$ 274</u>	<u>\$ 524</u>	<u>\$ 1,310</u>	<u>\$ 1,396</u>

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

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

<u>Assets</u>	As of	
	(Unaudited) September 30, 2025	December 31, 2024
<b>Current assets</b>		
Cash and cash equivalents	\$ 535	\$ 1,036
Accounts receivable (less allowance for credit losses of \$36 and \$32, respectively)	2,408	2,232
Inventories – net	2,275	2,306
Prepaid expenses and other current assets	206	163
Assets held for sale	50	—
Total current assets	5,474	5,737
Property, buildings and equipment – net	2,237	1,927
Goodwill	361	355
Intangibles – net	264	243
Operating lease right-of-use	320	371
Other assets	192	196
Total assets	\$ 8,848	\$ 8,829
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities</b>		
Current maturities	\$ 2	\$ 499
Trade accounts payable	1,123	952
Accrued compensation and benefits	297	324
Operating lease liability	76	78
Accrued expenses	410	407
Income taxes payable	25	45
Liabilities held for sale	82	—
Total current liabilities	2,015	2,305
Long-term debt	2,367	2,279
Long-term operating lease liability	275	327
Deferred income taxes and tax uncertainties	135	101
Other non-current liabilities	95	114
<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; 109,659,219 shares issued	55	55
Additional contributed capital	1,428	1,399
Retained earnings	14,615	13,677
Accumulated other comprehensive losses	(219)	(274)
Treasury stock, at cost – 62,034,184 and 61,326,349 shares, respectively	(12,318)	(11,499)
Total W.W. Grainger, Inc. shareholders' equity	3,561	3,358
Noncontrolling interest	400	345
Total shareholders' equity	3,961	3,703
Total liabilities and shareholders' equity	\$ 8,848	\$ 8,829

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

**W.W. Grainger, Inc. and Subsidiaries**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In millions of dollars)  
(Unaudited)

	Nine Months Ended September 30,	
	2025	2024
Cash flows from operating activities:		
Net earnings	\$ 1,329	\$ 1,492
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Provision for credit losses	20	18
Deferred income taxes and tax uncertainties	37	24
Depreciation and amortization	190	175
Non-cash lease expense	62	61
Impairment loss and net losses from business divestitures	196	—
Stock-based compensation	49	48
Change in operating assets and liabilities:		
Accounts receivable	(252)	(183)
Inventories	(27)	86
Prepaid expenses and other assets	(32)	(26)
Trade accounts payable	185	99
Operating lease liabilities	(79)	(73)
Accrued liabilities	4	36
Income taxes – net	(42)	(64)
Other non-current liabilities	(20)	(10)
Net cash provided by operating activities	1,620	1,683
Cash flows from investing activities:		
Capital expenditures	(558)	(283)
Proceeds from sale of assets	4	2
Other – net	11	19
Net cash used in investing activities	(543)	(262)
Cash flows from financing activities:		
Proceeds from debt	90	503
Payments of debt	(503)	(38)
Proceeds from stock options exercised	2	26
Payments for employee taxes withheld from stock awards	(31)	(44)
Purchases of treasury stock	(798)	(739)
Cash dividends paid	(358)	(321)
Other – net	(1)	(2)
Net cash used in financing activities	(1,599)	(615)
Exchange rate effect on cash and cash equivalents	21	(18)
Net change in cash and cash equivalents	(501)	788
Cash and cash equivalents at beginning of year	1,036	660
Cash and cash equivalents at end of period	\$ 535	\$ 1,448

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

**W.W. Grainger, Inc. and Subsidiaries**  
**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(In millions of dollars, except for per share amounts)  
(Unaudited)

	Common Stock	Additional Contributed Capital	Retained Earnings	Accumulated Other Comprehensive Earnings (Losses)	Treasury Stock	Noncontrolling Interest	Total
Balance at January 1, 2024	\$ 55	\$ 1,355	\$ 12,162	\$ (172)	\$ (10,285)	326	\$ 3,441
Stock-based compensation	—	8	—	—	2	—	10
Purchases of treasury stock	—	—	—	—	(277)	—	(277)
Net earnings	—	—	478	—	—	19	497
Other comprehensive earnings (losses)	—	—	—	(35)	—	(22)	(57)
Cash dividends paid (\$1.86 per share)	—	—	(92)	—	—	(13)	(105)
Balance at March 31, 2024	\$ 55	\$ 1,363	\$ 12,548	\$ (207)	\$ (10,560)	310	\$ 3,509
Stock-based compensation	—	8	—	—	(15)	1	(6)
Purchases of treasury stock	—	—	—	—	(243)	(1)	(244)
Net earnings	—	—	470	—	—	20	490
Other comprehensive earnings (losses)	—	—	—	(41)	—	(20)	(61)
Cash dividends paid (\$2.05 per share)	—	—	(101)	—	—	—	(101)
Balance at June 30, 2024	\$ 55	\$ 1,371	\$ 12,917	\$ (248)	\$ (10,818)	310	\$ 3,587
Stock-based compensation	—	18	—	—	9	—	27
Purchases of treasury stock	—	—	—	—	(223)	—	(223)
Net earnings	—	—	486	—	—	19	505
Other comprehensive earnings (losses)	—	—	—	38	—	38	76
Capital contribution	—	(1)	—	—	—	1	—
Cash dividends paid (\$2.05 per share)	—	—	(101)	—	—	(15)	(116)
Balance at September 30, 2024	\$ 55	\$ 1,388	\$ 13,302	\$ (210)	\$ (11,032)	353	\$ 3,856

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

**W.W. Grainger, Inc. and Subsidiaries**  
**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(In millions of dollars, except for per share amounts)  
(Unaudited)

	Common Stock	Additional Contributed Capital	Retained Earnings	Accumulated Other Comprehensive Earnings (Losses)	Treasury Stock	Noncontrolling Interest	Total
Balance at January 1, 2025	\$ 55	\$ 1,399	\$ 13,677	\$ (274)	\$ (11,499)	\$ 345	\$ 3,703
Stock-based compensation	—	10	—	—	1	—	11
Purchases of treasury stock	—	—	—	—	(288)	—	(288)
Net earnings	—	—	479	—	—	21	500
Other comprehensive earnings (losses)	—	—	—	19	—	17	36
Cash dividends paid (\$2.05 per share)	—	—	(99)	—	—	(16)	(115)
Balance at March 31, 2025	\$ 55	\$ 1,409	\$ 14,057	\$ (255)	\$ (11,786)	\$ 367	\$ 3,847
Stock-based compensation	—	6	—	—	(11)	1	(4)
Purchases of treasury stock	—	—	—	—	(228)	—	(228)
Net earnings	—	—	482	—	—	26	508
Other comprehensive earnings (losses)	—	—	—	56	—	15	71
Capital contribution	—	(1)	—	—	—	—	(1)
Cash dividends paid (\$2.26 per share)	—	—	(110)	—	—	—	(110)
Balance at June 30, 2025	\$ 55	\$ 1,414	\$ 14,429	\$ (199)	\$ (12,025)	\$ 409	\$ 4,083
Stock-based compensation	—	14	—	—	—	(1)	13
Purchases of treasury stock	—	—	—	—	(293)	—	(293)
Net earnings	—	—	294	—	—	27	321
Other comprehensive earnings (losses)	—	—	—	(20)	—	(11)	(31)
Capital contribution	—	—	—	—	—	1	1
Cash dividends paid (\$2.26 per share)	—	—	(108)	—	—	(25)	(133)
Balance at September 30, 2025	\$ 55	\$ 1,428	\$ 14,615	\$ (219)	\$ (12,318)	\$ 400	\$ 3,961

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

**W.W. Grainger, Inc. and Subsidiaries**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

W.W. Grainger, Inc. is a broad line, business-to-business distributor of maintenance, repair and operating (MRO) products and services with operations primarily in North America (N.A.), Japan and the United Kingdom (U.K.). In this report, the words "Grainger" or "Company" mean W.W. Grainger, Inc. and its subsidiaries, except where the context makes it clear that the reference is only to W.W. Grainger, Inc. itself and not its subsidiaries.

**Basis of Presentation**

The Company's Condensed Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial reporting and the rules and regulations of the U.S. Securities and Exchange Commission (SEC) and therefore do not include all information and disclosures normally included in the annual Consolidated Financial Statements. The preparation of these Condensed Consolidated Financial Statements and accompanying notes in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ materially from these estimated amounts. In the opinion of the Company's management, the Condensed Consolidated Financial Statements reflect all adjustments, which are normal and recurring in nature, necessary for fair financial statement presentation.

The Condensed Consolidated Balance Sheet at December 31, 2024, has been derived from the audited Consolidated Financial Statements at that date but does not include all of the information and footnotes required by GAAP for complete financial statements.

The Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and accompanying notes for the year ended December 31, 2024 included in the Company's Annual Report on Form 10-K filed with the SEC on February 20, 2025 (2024 Form 10-K).

There were no material changes to the Company's significant accounting policies from those disclosed in Note 1 of the Notes to Consolidated Financial Statements in Part II, Item 8: Financial Statements and Supplementary Data in the Company's 2024 Form 10-K.

**W.W. Grainger, Inc. and Subsidiaries**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
(Unaudited)

**NOTE 2 - ASSETS AND LIABILITIES HELD FOR SALE**

In September 2025, Grainger committed to a plan to sell its Cromwell business in the United Kingdom (U.K.), part of Other, which is not a reportable segment, and entered into a definitive agreement on October 6, 2025. Completion of the sale is expected in the fourth quarter of 2025, subject to satisfaction of customary closing conditions and regulatory approval. The Company determined the associated assets and liabilities met the held for sale accounting criteria as of September 30, 2025. As a result, the Company recorded an asset impairment loss of \$186 million in selling, general and administrative expenses in the third quarter of 2025 to adjust the net book value of this business (including cumulative translation losses related to the Cromwell business in accumulated other comprehensive losses) to its fair value less cost to sell. There was no tax benefit as a result of this impairment loss. The planned divestiture is not considered a strategic shift that will have a material effect on the Company's operations and financial results, and therefore it does not qualify for reporting as discontinued operations.

The assets and liabilities classified as held for sale on the Condensed Consolidated Balance Sheet as of September 30, 2025 were as follows (in millions of dollars):

	As of	
	(Unaudited) September 30, 2025	
Accounts receivable	\$	85
Inventories – net		82
Prepaid expenses and other current assets		8
Property, buildings and equipment – net		40
Intangibles – net		4
Operating lease right-of-use		17
Impairment of carrying value		(186)
Total assets held for sale	\$	50
Trade accounts payable	\$	33
Accrued compensation and benefits		5
Operating lease liability		5
Accrued expenses		22
Long-term operating lease liability		12
Other non-current liabilities		5
Total liabilities held for sale	\$	82

**NOTE 3 - REVENUE**

Grainger serves a large number of customers in diverse industries, which are subject to different economic and market-specific factors. The Company's revenue is primarily comprised of MRO product sales and related activities.

The Company's presentation of revenue by reportable segment and customer industry most reasonably depicts how the nature, amount, timing and uncertainty of the Company's revenue and cash flows are affected by economic and market-specific factors. The majority of Company revenue originates from contracts with a single performance obligation to deliver products, whereby performance obligations are satisfied when control of the product is transferred to the customer per the arranged shipping terms.

**W.W. Grainger, Inc. and Subsidiaries**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
(Unaudited)

The following tables present the Company's percentage of revenue by reportable segment and by customer industry:

<i>Customer Industry</i> <sup>(1)</sup>	Three Months Ended September 30,					
	2025			2024		
	High-Touch Solutions N.A.	Endless Assortment	Total Company <sup>(2)</sup>	High-Touch Solutions N.A.	Endless Assortment	Total Company <sup>(2)</sup>
Manufacturing	30 %	30 %	30 %	30 %	30 %	30 %
Government	20 %	3 %	16 %	20 %	3 %	17 %
Wholesale	7 %	18 %	9 %	7 %	18 %	9 %
Commercial Services	7 %	12 %	8 %	7 %	12 %	8 %
Contractors	6 %	12 %	7 %	5 %	12 %	6 %
Healthcare	7 %	1 %	6 %	7 %	1 %	6 %
Retail	4 %	4 %	4 %	4 %	4 %	4 %
Transportation	4 %	2 %	4 %	4 %	2 %	4 %
Utilities	3 %	2 %	3 %	3 %	2 %	3 %
Warehousing	2 %	— %	2 %	3 %	— %	2 %
Other <sup>(3)</sup>	10 %	16 %	11 %	10 %	16 %	11 %
Total net sales	100 %	100 %	100 %	100 %	100 %	100 %
Percent of total company revenue	78 %	20 %	100 %	80 %	18 %	100 %

(1) Customer industry results for the three months ended September 30, 2025 and 2024 primarily use the North American Industry Classification System (NAICS). As customers' businesses evolve, industry classifications may change. When these changes occur, Grainger does not recast the customer classification for prior periods as the industry used in the prior period was appropriate at the point-in-time. As a result, year-over-year changes may be impacted.

(2) Total Company includes other businesses, which includes the Cromwell business. Other businesses accounted for approximately 2% of Total Company revenue for both the three months ended September 30, 2025 and 2024.

(3) Other primarily includes revenue from industries and customers that are not material individually, including hospitality, restaurants, property management and natural resources.

**W.W. Grainger, Inc. and Subsidiaries**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
(Unaudited)

Nine Months Ended September 30,

<i>Customer Industry</i> <sup>(1)</sup>	2025			2024		
	High-Touch Solutions N.A.	Endless Assortment	Total Company <sup>(2)</sup>	High-Touch Solutions N.A.	Endless Assortment	Total Company <sup>(2)</sup>
Manufacturing	30 %	30 %	30 %	31 %	29 %	31 %
Government	19 %	3 %	16 %	19 %	3 %	16 %
Wholesale	7 %	18 %	9 %	7 %	18 %	9 %
Commercial Services	7 %	12 %	8 %	7 %	12 %	8 %
Contractors	6 %	12 %	7 %	5 %	12 %	6 %
Healthcare	7 %	1 %	6 %	7 %	1 %	6 %
Retail	4 %	4 %	4 %	4 %	4 %	4 %
Transportation	4 %	2 %	4 %	4 %	2 %	4 %
Utilities	3 %	2 %	3 %	3 %	2 %	3 %
Warehousing	3 %	— %	2 %	3 %	— %	2 %
Other <sup>(3)</sup>	10 %	16 %	11 %	10 %	17 %	11 %
Total net sales	100 %	100 %	100 %	100 %	100 %	100 %
Percent of total company revenue	78 %	20 %	100 %	80 %	18 %	100 %

- (1) Customer industry results for the nine months ended September 30, 2025 and 2024 primarily use the North American Industry Classification System (NAICS). As customers' businesses evolve, industry classifications may change. When these changes occur, Grainger does not recast the customer classification for prior periods as the industry used in the prior period was appropriate at the point-in-time. As a result, year-over-year changes may be impacted.
- (2) Total Company includes other businesses, which includes the Cromwell business. Other businesses accounted for approximately 2% of Total Company revenue for both the nine months ended September 30, 2025 and 2024.
- (3) Other primarily includes revenue from industries and customers that are not material individually, including hospitality, restaurants, property management and natural resources.

Total accrued sales incentives are recorded in Accrued expenses and were approximately \$113 million and \$109 million as of September 30, 2025 and December 31, 2024, respectively.

The Company had no material unsatisfied performance obligations, contract assets or liabilities as of September 30, 2025 and December 31, 2024.

**NOTE 4 - PROPERTY, BUILDINGS AND EQUIPMENT**

Property, buildings and equipment consisted of the following (in millions of dollars):

	As of	
	September 30, 2025	December 31, 2024
Land and land improvements	\$ 550	\$ 415
Building, structures and improvements	1,845	1,723
Furniture, fixtures, machinery and equipment	2,052	1,945
Property, buildings and equipment	\$ 4,447	\$ 4,083
Less accumulated depreciation	2,210	2,156
Property, buildings and equipment – net	\$ 2,237	\$ 1,927

**W.W. Grainger, Inc. and Subsidiaries**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
(Unaudited)

**NOTE 5 - GOODWILL AND OTHER INTANGIBLE ASSETS**

The Company did not identify any significant events or changes in circumstances that indicated the existence of impairment indicators during the three and nine months ended September 30, 2025. As such, quantitative assessments were not required.

The balances and changes in the carrying amount of goodwill by segment are as follows (in millions of dollars):

	High-Touch Solutions N.A.	Endless Assortment	Total
Balance at January 1, 2024	\$ 315	\$ 55	\$ 370
Translation	(9)	(6)	(15)
Balance at December 31, 2024	306	49	355
Translation	4	2	6
Balance at September 30, 2025	<u>\$ 310</u>	<u>\$ 51</u>	<u>\$ 361</u>

The Company's cumulative goodwill impairments as of September 30, 2025 were \$137 million. No goodwill impairments were recorded for the three and nine months ended September 30, 2025 and 2024.

The balances and changes in intangible assets – net are as follows (in millions of dollars):

	Weighted average life	As of					
		September 30, 2025			December 31, 2024		
		Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Customer lists and relationships	10.7 years	\$ 164	\$ 158	\$ 6	\$ 164	\$ 155	\$ 9
Trademarks, trade names and other	16.5 years	20	16	4	31	24	7
Non-amortized trade names and other	Indefinite	19	—	19	18	—	18
Capitalized software	4.5 years	805	570	235	714	505	209
Total intangible assets	5.8 years	<u>\$ 1,008</u>	<u>\$ 744</u>	<u>\$ 264</u>	<u>\$ 927</u>	<u>\$ 684</u>	<u>\$ 243</u>

**W.W. Grainger, Inc. and Subsidiaries**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
(Unaudited)

**NOTE 6 - DEBT**

Total debt, including long-term and current maturities, consisted of the following (in millions of dollars):

	As of			
	September 30, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
4.60% senior notes due 2045	\$ 1,000	\$ 911	\$ 1,000	\$ 894
4.45% senior notes due 2034	500	494	500	477
3.75% senior notes due 2046	400	337	400	332
4.20% senior notes due 2047	400	319	400	312
Japanese Yen term loans	88	88	—	—
Debt issuance costs – net of amortization and other	(21)	(21)	(21)	(21)
Long-term debt	2,367	2,128	2,279	1,994
1.85% senior notes due 2025 <sup>(1)</sup>	—	—	500	498
Other	2	2	(1)	(1)
Current maturities	2	2	499	497
<b>Total debt</b>	<b>\$ 2,369</b>	<b>\$ 2,130</b>	<b>\$ 2,778</b>	<b>\$ 2,491</b>

(1) On February 18, 2025, Grainger repaid in full the principal amount of \$500 million for the 1.85% Senior Notes that matured in February 2025. The related interest rate swaps with a notional value of \$450 million that hedged a portion of the interest rate risk related to this debt expired on February 15, 2025.

Senior Notes

Between 2015 and 2024, Grainger issued \$2.8 billion in unsecured debt (Senior Notes) primarily to provide flexibility in funding general working capital needs, share repurchases and long-term cash requirements. The Senior Notes require no principal payments until maturity and interest is paid semi-annually.

The Company incurred debt issuance costs related to its Senior Notes, representing underwriting fees and other expenses. These costs were recorded as a contra-liability in Long-term debt and are being amortized over the term of the Senior Notes using the straight-line method to Interest expense – net. As of September 30, 2025 and December 31, 2024, the cumulative unamortized costs were \$21 million and \$22 million, respectively.

Japanese Yen Term Loans

In June 2025, MonotaRO entered into ¥9 billion term loan agreements to fund the expansion of its distribution center (DC) network. The Japanese Yen term loans mature in 2035, payable in equal monthly principal installments from September 2028 through June 2035, and bear a weighted average interest rate of 1.24%.

In September 2025, MonotaRO entered into an additional ¥4 billion term loan agreement to fund the expansion of its DC network. The Japanese Yen term loan matures in 2035, payable in equal monthly principal installments from September 2028 through June 2035, and bears a fixed interest rate of 1.33%.

Fair Value

The estimated fair value of the Company's Senior Notes was based on available external pricing data and current market rates for similar debt instruments, among other factors, which are classified as Level 2 inputs within the fair value hierarchy.

**W.W. Grainger, Inc. and Subsidiaries**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
(Unaudited)

**NOTE 7 - SEGMENT INFORMATION**

Grainger's two reportable segments are High-Touch Solutions N.A. (HTSNA) and Endless Assortment (EA). These reportable segments align with Grainger's go-to-market strategies and bifurcated business models of high-touch solutions and endless assortment that generate sales primarily through the distribution of MRO products. The remaining businesses are classified as Other to reconcile to consolidated results. These businesses individually and in the aggregate do not meet the criteria of a reportable segment.

The operating and reportable segments reflect the way the chief operating decision maker (CODM) evaluates the business. All expenses directly attributable to each reportable segment are included in the operating results for each segment. The CODM is not regularly provided and does not evaluate the segments using total asset or capital expenditure information and it is therefore not disclosed. For further discussion on the CODM, see Note 12 of the Notes to Consolidated Financial Statements in Part II, Item 8: Financial Statements and Supplementary Data in the Company's 2024 Form 10-K.

The following is a summary of segment results (in millions of dollars):

	Three Months Ended September 30,					
	2025			2024		
	High-Touch Solutions N.A.	Endless Assortment	Total	High-Touch Solutions N.A.	Endless Assortment	Total
Net sales <sup>(1)</sup>	\$ 3,635	\$ 935	\$ 4,570	\$ 3,515	\$ 791	\$ 4,306
<i>Reconciliation of net sales</i>						
Other net sales			87			82
Total company net sales			<u>\$ 4,657</u>			<u>\$ 4,388</u>
<i>Less:</i>						
Cost of goods sold	2,140	654		2,053	558	
Other segment items <sup>(2)</sup>	871	199		845	163	
Segment operating earnings	\$ 624	\$ 82	\$ 706	\$ 617	\$ 70	\$ 687
<i>Reconciliation of operating earnings</i>						
Other operating earnings			(195)			(1)
Total company operating earnings			<u>\$ 511</u>			<u>\$ 686</u>

(1) Intersegment sales are recorded at values based on market prices, which creates intercompany profit sales that are eliminated within each segment to present only the impact of net sales to external customers.

(2) Other segment items for HTSNA and EA consist of selling, general and administrative expenses primarily comprised of payroll and benefits, marketing expense, depreciation, amortization and non-cash lease expense, corporate overhead expenses allocated to each segment based upon benefits received, occupancy and other miscellaneous expenses. Intersegment expenses including fees and certain incurred costs for shared services are also included within the amounts shown above.

**W.W. Grainger, Inc. and Subsidiaries**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
(Unaudited)

	Nine Months Ended September 30,					
	2025			2024		
	High-Touch Solutions N.A.	Endless Assortment	Total	High-Touch Solutions N.A.	Endless Assortment	Total
Net sales <sup>(1)</sup>	\$ 10,576	\$ 2,692	\$ 13,268	\$ 10,378	\$ 2,318	\$ 12,696
<i>Reconciliation of net sales</i>						
Other net sales			249			239
Total company net sales			<u>\$ 13,517</u>			<u>\$ 12,935</u>
<i>Less:</i>						
Cost of goods sold	6,188	1,889		6,050	1,636	
Other segment items <sup>(2)</sup>	2,575	557		2,510	492	
Segment operating earnings	\$ 1,813	\$ 246	\$ 2,059	\$ 1,818	\$ 190	\$ 2,008
<i>Reconciliation of operating earnings</i>						
Other operating earnings (losses)			(198)			(4)
Total company operating earnings			<u>\$ 1,861</u>			<u>\$ 2,004</u>

- (1) Intersegment sales are recorded at values based on market prices, which creates intercompany profit sales that are eliminated within each segment to present only the impact of net sales to external customers.
- (2) Other segment items for HTSNA and EA consist of selling, general and administrative expenses primarily comprised of payroll and benefits, marketing expense, depreciation, amortization and non-cash lease expense, corporate overhead expenses allocated to each segment based upon benefits received, occupancy and other miscellaneous expenses. Intersegment expenses including fees and certain incurred costs for shared services are also included within the amounts shown above.

Depreciation, amortization and non-cash lease expense presented below is related to long-lived assets, capitalized software and right-of-use assets. Long-lived assets consist of property, buildings and equipment.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
<i>Depreciation, amortization and non-cash lease expense (in millions of dollars):</i>				
High-Touch Solutions N.A.	\$ 62	\$ 58	\$ 181	\$ 171
Endless Assortment	20	18	59	53
Other	2	2	7	6
Total	<u>\$ 84</u>	<u>\$ 77</u>	<u>\$ 247</u>	<u>\$ 229</u>

**W.W. Grainger, Inc. and Subsidiaries**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
(Unaudited)

The following is revenue by geographic location (in millions of dollars):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
<i>Revenue by geographic location<sup>(1)</sup>:</i>				
United States	\$ 3,756	\$ 3,585	\$ 10,912	\$ 10,533
Japan	558	471	1,600	1,391
Canada	169	161	506	499
Other foreign countries	174	171	499	512
	\$ 4,657	\$ 4,388	\$ 13,517	\$ 12,935

<sup>(1)</sup> Revenue presented above is attributed to the destination country where the customer is located.

The Company is a broad line distributor of MRO products. Products are regularly added and removed from the Company's inventory. Accordingly, it would be impractical to provide sales information by product category due to the way the business is managed and the dynamic nature of the inventory offered, including the evolving list of products stocked and additional products available online but not stocked. For further information regarding the Company's sales by segment and customer industry, see Note 3.

**NOTE 8 - CONTINGENCIES AND LEGAL MATTERS**

From time to time, the Company is involved in various legal and administrative proceedings, including claims related to: product liability, safety or compliance; privacy and cybersecurity matters; negligence; contract disputes; environmental issues; unclaimed property; wage and hour laws; intellectual property; advertising and marketing; consumer protection; pricing (including disaster or emergency declaration pricing statutes); employment practices; regulatory compliance, including trade and export matters; anti-bribery and corruption; and other matters and actions brought by team members, consumers, competitors, suppliers, customers, governmental entities and other third parties.

The Company has been engaged in litigation involving KMCO, LLC (KMCO) as described in previous quarterly and annual reports. As of September 30, 2025, the Company has settled or resolved all remaining lawsuits pending against the Company. These settlements had no effect on net earnings or cash flows.

**NOTE 9 - SUBSEQUENT EVENTS**

On October 29, 2025, the Company's Board of Directors declared a quarterly dividend of \$2.26 per share, payable December 1, 2025, to shareholders of record on November 10, 2025.

**W.W. Grainger, Inc. and Subsidiaries**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL**  
**CONDITION AND RESULTS OF OPERATIONS**

**Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following Management's Discussion and Analysis (MD&A) of Financial Condition and Results of Operations is intended to help the reader understand the results of operations and financial condition of W.W. Grainger, Inc. (Grainger or Company) as it is viewed by management of the Company. The following discussion should be read in conjunction with the Consolidated Financial Statements and accompanying notes for the year ended December 31, 2024 included in the Company's 2024 Form 10-K and the Condensed Consolidated Financial Statements and accompanying notes included in Part I, Item 1: Financial Statements of this Form 10-Q.

*Percentage figures included in this section have not been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this section may vary slightly from those obtained by performing the same calculations using the figures in the Company's Condensed Consolidated Financial Statements or in the associated text.*

**Overview**

Grainger is a broad line, business-to-business distributor of maintenance, repair and operating (MRO) products and services with operations primarily in North America, Japan and the U.K. Grainger uses a combination of its high-touch solutions and endless assortment businesses to serve its customers worldwide, which rely on Grainger for products and services that enable them to run safe, sustainable and productive operations.

**Strategic Priorities**

For a discussion of the Company's strategic priorities for 2025, see Part 1, Item 1: Business and Part II, Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's 2024 Form 10-K.

**Recent Events**

Macroeconomic Conditions

The global economy continues to experience elevated levels of volatility and uncertainty, including within the commodity, labor, and transportation markets, driven by a combination of geopolitical developments and macroeconomic factors. Recent imposition of new and fluctuating tariffs have further contributed to disruptions in global capital markets and global supply chains. These developments may impact the Company's operations, financial condition, and results of operations.

The Company is actively monitoring economic conditions in the U.S. and internationally, including the potential ramifications of evolving trade policies, changes in interest rates, foreign currency exchange rate fluctuations, inflationary pressures, and the risk of a global or regional economic recession. In response to these factors, the Company has implemented various strategies designed to mitigate certain adverse effects of changing inflationary conditions and supply chain challenges, while continuing to maintain market price competitiveness to the extent possible.

Historically, the Company's broad and diverse customer base and the generally nondiscretionary nature of its products have provided a degree of resilience during periods of economic contraction in the industrial MRO market. However, the ultimate impact of ongoing macroeconomic conditions, including recent, unprecedented tariff-related developments and shifting government budget policies and priorities at the municipal, state, and national levels, remains uncertain and cannot be predicted at this time, but may impact the Company's operations, financial condition, and results of operations.

For further discussion of the Company's risks and uncertainties, see Part I, Item 1A: Risk Factors in the Company's 2024 Form 10-K.

**W.W. Grainger, Inc. and Subsidiaries**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL**  
**CONDITION AND RESULTS OF OPERATIONS**

**Results of Operations –Three Months Ended September 30, 2025**

In this section, Grainger utilizes non-GAAP measures where it believes it will assist users of its financial statements in understanding its business. As discussed in the "Non-GAAP Measures" section, we have adjusted the current year results to exclude one-time losses recorded in SG&A expenses of \$186 million within Other and \$10 million within Endless Assortment, related to the intention to exit the U.K. market. For further information regarding the Company's non-GAAP measures, including reconciliations to the most directly comparable GAAP measures, see below "Non-GAAP Measures."

The following table is included as an aid to understanding the changes in Grainger's Condensed Consolidated Statements of Earnings for the three months ended September 30, 2025 and 2024 (in millions of dollars except per share amounts):

	Three Months Ended September 30,				
				% of Net Sales	
	2025	2024	% Change	2025	2024
Net sales <sup>(1)</sup>	\$ 4,657	\$ 4,388	6.1 %	100.0 %	100.0 %
Cost of goods sold	2,859	2,668	7.2	61.4	60.8
Gross profit	1,798	1,720	4.5	38.6	39.2
Selling, general and administrative expenses	1,287	1,034	24.5	27.6	23.6
Operating earnings	511	686	(25.5)	11.0	15.6
Other expense – net	19	15	26.7	0.4	0.3
Income tax provision	171	166	3.0	3.7	3.8
Net earnings	321	505	(36.4)	6.9	11.5
Noncontrolling interest	27	19	42.1	0.6	0.4
Net earnings attributable to W.W. Grainger, Inc.	\$ 294	\$ 486	(39.5)	6.3 %	11.1 %
Diluted earnings per share	\$ 6.12	\$ 9.87	(38.0)%		

<sup>(1)</sup> For further information regarding the Company's disaggregated revenue, see Note 3 of the Notes to Condensed Consolidated Financial Statements in Part 1, Item 1: Financial Statements of this Form 10-Q.

The following table is included as an aid to understanding the changes of Grainger's total net sales, daily net sales and daily, constant currency net sales from the prior period for the three months ended September 30, 2025 and 2024 (in millions of dollars):

	Three Months Ended September 30,			
	2025	% Change <sup>(1)</sup>	2024	% Change <sup>(1)</sup>
Net sales	\$ 4,657	6.1 %	\$ 4,388	4.3 %
Daily net sales <sup>(2)</sup>	\$ 72.8	6.1 %	\$ 67.5	2.6 %
Daily, constant currency net sales <sup>(2)</sup>	\$ 72.3	5.4 %	\$ 68.2	3.6 %

<sup>(1)</sup> Calculated on the basis of prior year net sales for the three months ended September 30, 2025 and 2024.

<sup>(2)</sup> Daily net sales are adjusted for the difference in U.S. selling days relative to the prior year period. Daily, constant currency net sales are also adjusted to exclude the impact on net sales due to year-over-year foreign currency exchange rate fluctuations. There were 64 sales days in the three months ended September 30, 2025 and 2024. For further information regarding the Company's non-GAAP measures, including reconciliations to the most directly comparable GAAP measures, see below "Non-GAAP Measures."

**W.W. Grainger, Inc. and Subsidiaries**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL**  
**CONDITION AND RESULTS OF OPERATIONS**

Net sales of \$4,657 million for the three months ended September 30, 2025 increased \$269 million, or 6%, and on a daily, constant currency basis, net sales increased 5% compared to the same period in 2024. Both High-Touch Solutions N.A. and the Endless Assortment segment contributed to sales growth in the third quarter of 2025. For further discussion on the Company's net sales, see the Segment Analysis section below.

Gross profit of \$1,798 million for the three months ended September 30, 2025 increased \$78 million, or 5%, and gross profit margin of 38.6% decreased 60 basis points compared to the same period in 2024. For further discussion on the Company's gross profit, see the Segment Analysis section below.

Selling, general and administrative (SG&A) expenses of \$1,287 million for the three months ended September 30, 2025 increased \$253 million, or 25%, compared to the same period in 2024. Adjusted SG&A expenses of \$1,091 million increased \$57 million, or 6%, compared to the same period in 2024. The increase was primarily due to higher marketing expenses in the third quarter of 2025.

Operating earnings of \$511 million for the three months ended September 30, 2025 decreased \$175 million, or 26%, compared to the same period in 2024. Adjusted operating earnings of \$707 million increased \$21 million, or 3%, compared to the same period in 2024. The increase was due to higher gross profit dollars, partially offset by increased SG&A expenses in the third quarter of 2025.

Income tax expense of \$171 million for the three months ended September 30, 2025 increased \$5 million compared to the same period in 2024 on a reported and adjusted basis. Grainger's effective tax rates were 34.7% and 24.8% for the three months ended September 30, 2025 and 2024, respectively. The adjusted effective tax rate was 24.8% for the three months ended September 30, 2025.

Diluted earnings per share was \$6.12 for the three months ended September 30, 2025, a decrease of 38% compared to \$9.87 for the same period in 2024. Adjusted diluted earnings per share increased 3% for the same period in 2024.

### Segment Analysis

In this section, Grainger utilizes non-GAAP measures where it believes it will assist users of its financial statements in understanding its business. For further information regarding the Company's non-GAAP measures, including reconciliations to the most directly comparable GAAP measure, see below "Non-GAAP Measures." For further segment information, see Note 7 of the Notes to Condensed Consolidated Financial Statements in Part I, Item 1: Financial Statements of this Form 10-Q.

#### High-Touch Solutions N.A.

The following table shows reported segment results (in millions of dollars):

	Three Months Ended September 30,		
	2025	2024	% Change
Net sales	\$ 3,635	\$ 3,515	3.4 %
Gross profit	\$ 1,495	\$ 1,462	2.3 %
Selling, general and administrative expenses	871	845	3.1 %
Operating earnings	\$ 624	\$ 617	1.1 %

Net sales of \$3,635 million for the three months ended September 30, 2025 increased \$120 million, which represents a 3% increase on a reported and daily, constant currency basis, compared to the same period in 2024. The increase was primarily due to volume.

Gross profit of \$1,495 million for the three months ended September 30, 2025 increased \$33 million, or 2%, and gross profit margin of 41.1% decreased 50 basis points compared to the same period in 2024. The decrease was primarily driven by negative price cost spread due to timing and last-in, first-out (LIFO) inventory valuation impacts.

**W.W. Grainger, Inc. and Subsidiaries**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL**  
**CONDITION AND RESULTS OF OPERATIONS**

SG&A expenses of \$871 million for the three months ended September 30, 2025 increased \$26 million, or 3%, compared to the same period in 2024. The increase was primarily due to higher marketing expenses.

Operating earnings of \$624 million for the three months ended September 30, 2025 increased \$7 million, or 1%, compared to the same period in 2024.

***Endless Assortment***

The following table shows reported segment results (in millions of dollars):

	Three Months Ended September 30,		
	2025	2024	% Change
Net sales	\$ 935	\$ 791	18.2 %
Gross profit	\$ 281	\$ 233	20.6 %
Selling, general and administrative expenses	199	163	22.1 %
Operating earnings	\$ 82	\$ 70	17.1 %

Net sales of \$935 million for the three months ended September 30, 2025 increased \$144 million, or 18%, and on a daily, constant currency basis increased 15% compared to the same period in 2024. The increase was due to repeat business for the segment and enterprise customer growth at MonotaRO.

Gross profit of \$281 million for the three months ended September 30, 2025 increased \$48 million, or 21%, and gross profit margin of 30.1% increased 60 basis points compared to the same period in 2024. The increase was primarily driven by pricing updates at Zoro and favorable product mix at MonotaRO.

SG&A expenses of \$199 million for the three months ended September 30, 2025 increased \$36 million, or 22%, compared to the same period in 2024. Adjusted SG&A expenses increased \$26 million, or 16%, compared to the same period in 2024. The increase was primarily due to higher marketing expenses.

Operating earnings of \$82 million for the three months ended September 30, 2025 increased \$12 million, or 17%, compared to the same period in 2024. Adjusted operating earnings of \$92 million increased \$22 million, or 31%, compared to the same period in 2024.

**W.W. Grainger, Inc. and Subsidiaries**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL**  
**CONDITION AND RESULTS OF OPERATIONS**

**Results of Operations – Nine Months Ended September 30, 2025**

In this section, Grainger utilizes non-GAAP measures where it believes it will assist users of its financial statements in understanding its business. As discussed in the "Non-GAAP Measures" section, we have adjusted the current year results to exclude one-time losses recorded in SG&A expenses of \$186 million within Other and \$10 million within Endless Assortment, related to the intention to exit the U.K. market. For further information regarding the Company's non-GAAP measures, including reconciliations to the most directly comparable GAAP measure, see below "Non-GAAP Measures."

The following table is included as an aid to understanding the changes in Grainger's Condensed Consolidated Statements of Earnings (in millions of dollars except per share amounts):

	Nine Months Ended September 30,				
				% of Net Sales	
	2025	2024	% Change	2025	2024
Net sales <sup>(1)</sup>	\$ 13,517	\$ 12,935	4.5 %	100.0 %	100.0 %
Cost of goods sold	8,254	7,853	5.1	61.1	60.7
Gross profit	5,263	5,082	3.6	38.9	39.3
Selling, general and administrative expenses	3,402	3,078	10.5	25.1	23.8
Operating earnings	1,861	2,004	(7.1)	13.8	15.5
Other expense – net	51	42	21.4	0.4	0.4
Income tax provision	481	470	2.3	3.6	3.6
Net earnings	1,329	1,492	(10.9)	9.8	11.5
Noncontrolling interest	74	58	27.6	0.5	0.4
Net earnings attributable to W.W. Grainger, Inc.	<u>\$ 1,255</u>	<u>\$ 1,434</u>	(12.5)	<u>9.3 %</u>	<u>11.1 %</u>
Diluted earnings per share	<u>\$ 25.97</u>	<u>\$ 29.00</u>	(10.4)%		

<sup>(1)</sup> For further information regarding the Company's disaggregated revenue, see Note 3 of the Notes to Condensed Consolidated Financial Statements in Part 1, Item 1: Financial Statements of this Form 10-Q.

The following table is included as an aid to understanding the changes of Grainger's total net sales, daily net sales and daily, constant currency net sales compared from the prior period for the nine months ended September 30, 2025 and 2024 (in millions of dollars):

	Nine Months Ended September 30,			
	2025	% Change <sup>(1)</sup>	2024	% Change <sup>(1)</sup>
Net sales	\$ 13,517	4.5 %	\$ 12,935	3.6 %
Daily net sales <sup>(2)</sup>	\$ 71.2	5.0 %	\$ 67.0	3.1 %
Daily, constant currency net sales <sup>(2)</sup>	\$ 71.2	4.9 %	\$ 67.8	4.3 %

<sup>(1)</sup> Calculated on the basis of prior year net sales for the nine months ended September 30, 2025 and 2024.

<sup>(2)</sup> Daily net sales are adjusted for the difference in U.S. selling days relative to the prior year period. Daily, constant currency net sales are also adjusted to exclude the impact on net sales due to year-over-year foreign currency exchange rate fluctuations. There were 191 and 192 sales days in the nine months ended September 30, 2025 and 2024, respectively. For further information regarding the Company's non-GAAP measures, including reconciliations to the most directly comparable GAAP measure, see below "Non-GAAP Measures."

**W.W. Grainger, Inc. and Subsidiaries**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL**  
**CONDITION AND RESULTS OF OPERATIONS**

Net sales of \$13,517 million for the nine months ended September 30, 2025 increased \$582 million, or 5%, and on a daily, constant currency basis increased 5% compared to the same period in 2024. Both High-Touch Solutions N.A. and the Endless Assortment segments contributed to sales growth in the nine months ended September 30, 2025. For further discussion on the Company's net sales, see the Segment Analysis section below.

Gross profit of \$5,263 million for the nine months ended September 30, 2025 increased \$181 million, or 4%, and gross profit margin of 38.9% decreased 40 basis points compared to the same period in 2024. For further discussion on the Company's gross profit, see the Segment Analysis section below.

SG&A expenses of \$3,402 million for the nine months ended September 30, 2025 increased \$324 million, or 11%, compared to the same period in 2024. Adjusted SG&A expenses of \$3,206 million increased \$144 million, or 5%, due to higher marketing expenses in 2025.

Operating earnings of \$1,861 million for the nine months ended September 30, 2025 decreased \$143 million, or 7%, compared to the same period in 2024. Adjusted operating earnings of \$2,057 million increased \$37 million, or 2% compared to the same period in 2024.

Income taxes of \$481 million for the nine months ended September 30, 2025 increased \$11 million, compared to the same period in 2024. Adjusted income taxes increased \$7 million, compared to the same period in 2024. Grainger's effective tax rates were 26.6% and 24.0% for the nine months ended September 30, 2025 and 2024, respectively. The adjusted effective tax rate was 24.0% for the nine months ended September 30, 2025 and 2024.

Diluted earnings per share was \$25.97 for the nine months ended September 30, 2025, a decrease of 10% compared to \$29.00 for the same period in 2024. Adjusted diluted earnings per share increased 3% compared to \$29.25 for the same period in 2024.

**Segment Analysis**

In this section, Grainger utilizes non-GAAP measures where it believes it will assist users of its financial statements in understanding its business. For further information regarding the Company's non-GAAP measures, including reconciliations to the most directly comparable GAAP measure, see "Non-GAAP Measures." For further segment information, see Note 7 of the Notes to Condensed Consolidated Financial Statements in Part I, Item 1: Financial Statements of this Form 10-Q.

*High-Touch Solutions N.A.*

The following table shows reported segment results (in millions of dollars):

	Nine Months Ended September 30,		
	2025	2024	% Change
Net sales	\$ 10,576	\$ 10,378	1.9 %
Gross profit	\$ 4,388	\$ 4,328	1.4 %
Selling, general and administrative expenses	2,575	2,510	2.6 %
Operating earnings	\$ 1,813	\$ 1,818	(0.3)%

Net sales of \$10,576 million for the nine months ended September 30, 2025 increased \$198 million, or 2%, and on a daily, constant currency basis increased 3% compared to the same period in 2024. The increase was primarily due to volume.

Gross profit of \$4,388 million for the nine months ended September 30, 2025 increased \$60 million, or 1%, and gross profit margin of 41.5% decreased 20 basis points compared to the same period in 2024.

SG&A expenses of \$2,575 million for the nine months ended September 30, 2025 increased \$65 million, or 3%, compared to the same period in 2024. Adjusted SG&A expenses increased \$80 million, or 3%. The increase was primarily due to higher marketing and payroll and benefit expenses in 2025.

**W.W. Grainger, Inc. and Subsidiaries**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL**  
**CONDITION AND RESULTS OF OPERATIONS**

Operating earnings of \$1,813 million for the nine months ended September 30, 2025 were flat compared to the same period in 2024. Adjusted operating earnings decreased \$20 million, or 1%, compared to the same period in 2024.

***Endless Assortment***

The following table shows reported segment results (in millions of dollars):

	Nine Months Ended September 30,		
	2025	2024	% Change
Net sales	\$ 2,692	\$ 2,318	16.1 %
Gross profit	\$ 803	\$ 682	17.7 %
Selling, general and administrative expenses	557	492	13.2 %
Operating earnings	\$ 246	\$ 190	29.5 %

Net sales of \$2,692 million for the nine months ended September 30, 2025 increased \$374 million, or 16%, and on a daily, constant currency basis increased 15% compared to the same period in 2024. The increase was due to repeat business for the segment and enterprise customer growth at MonotaRO.

Gross profit of \$803 million for the nine months ended September 30, 2025 increased \$121 million, or 18%, and gross profit margin of 29.8% increased 40 basis points compared to the same period in 2024.

SG&A expenses of \$557 million for the nine months ended September 30, 2025 increased \$65 million, or 13%, compared to the same period in 2024. Adjusted SG&A expenses of \$547 million increased \$55 million, or 11%, compared to the same period in 2024. The increase was primarily due to higher marketing expenses in 2025.

Operating earnings of \$246 million for the nine months ended September 30, 2025 increased \$56 million, or 30% compared to the same period in 2024. Adjusted operating earnings of \$256 million increased \$66 million, or 35%, compared to the same period in 2024.

**W.W. Grainger, Inc. and Subsidiaries**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL**  
**CONDITION AND RESULTS OF OPERATIONS**

**Non-GAAP Measures**

Grainger utilizes non-GAAP measures where it believes it will assist users of its financial statements in understanding its business. Non-GAAP measures exclude certain items affecting comparability that can affect the year-over-year assessment of operating results and other one-time items that do not directly reflect ongoing operating results. The Company adjusts its reported net sales when there are differences in the number of U.S. selling days relative to the prior year period and also excludes the impact on reported net sales due to changes in foreign currency exchange rate fluctuations and results of certain divested businesses. Adjusted results including adjusted SG&A, adjusted operating earnings, adjusted net earnings and adjusted diluted EPS exclude certain non-recurring items, including restructuring charges, asset impairments, gains and losses associated with business divestitures and other non-recurring, infrequent or unusual gains and losses from the Company's most directly comparable reported U.S. generally accepted accounting principles (GAAP) results. The Company believes its non-GAAP measures provide meaningful information to assist investors in understanding financial results and assessing prospects for future performance as they provide a better baseline for analyzing the ongoing performance of its businesses by excluding items that may not be indicative of core operating results and comparability. Grainger's non-GAAP financial measures should be considered in addition to, and not as a replacement for or as a superior measure to, its most directly comparable GAAP measures and may not be comparable to similarly titled measures reported by other companies.

*Exiting Market in the United Kingdom*

In 2025, Grainger performed an assessment of its businesses in the United Kingdom (U.K.) and made the decision to exit the U.K. market in order to concentrate efforts where it can deliver the greatest long-term impact. In September 2025, the Company committed to a plan to sell its Cromwell business in the U.K. and entered into a definitive agreement on October 6, 2025. The Company concluded that the business met the criteria as held for sale as of September 30, 2025 and recorded a pre-tax asset impairment loss of \$186 million in SG&A expenses. There was no tax benefit as a result of this impairment loss. Additionally, the Company made the decision to propose the closure of Zoro U.K. in its Endless Assortment segment, subject to the outcome of the required legal, regulatory and employment consultation processes in the U.K. Expenses related to the proposed closure of \$10 million were also recorded in SG&A expenses. There was no tax benefit as a result of the recognition of these expenses. The Company does not expect the exit from the U.K. market to have a material effect on its future results of operations. See Note 2, "Assets and Liabilities Held for Sale," to the Condensed Consolidated Financial Statements in Item 1 for more information on the planned sale of the Cromwell business.

**W.W. Grainger, Inc. and Subsidiaries**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL**  
**CONDITION AND RESULTS OF OPERATIONS**

The following tables provide reconciliations of reported net sales growth from the prior year period in accordance with GAAP to the Company's non-GAAP measures daily net sales and daily, constant currency net sales for the three months ended September 30, 2025 and 2024 (in millions of dollars):

	Three Months Ended September 30,					
	High-Touch Solutions N.A.		Endless Assortment		Total Company <sup>(1)</sup>	
	2025	% Change <sup>(2)</sup>	2025	% Change <sup>(2)</sup>	2025	% Change <sup>(2)</sup>
Reported net sales	\$ 3,635	3.4 %	\$ 935	18.2 %	\$ 4,657	6.1 %
Daily impact <sup>(3)</sup>	—	—	—	—	—	—
Daily net sales	56.8	3.4	14.6	18.2	72.8	6.1
Foreign currency exchange <sup>(4)</sup>	—	—	(0.4)	(3.6)	(0.5)	(0.7)
Daily, constant currency net sales	\$ 56.8	3.4 %	\$ 14.2	14.6 %	\$ 72.3	5.4 %
	2024	% Change <sup>(2)</sup>	2024	% Change <sup>(2)</sup>	2024	% Change <sup>(2)</sup>
Reported net sales	\$ 3,515	3.3 %	\$ 791	8.1 %	\$ 4,388	4.3 %
Daily impact <sup>(3)</sup>	(0.9)	(1.6)	(0.2)	(1.7)	(1.1)	(1.7)
Daily net sales	54.1	1.7	12.2	6.4	67.5	2.6
Foreign currency exchange <sup>(4)</sup>	0.1	0.3	0.6	5.1	0.7	1.0
Daily, constant currency net sales	\$ 54.2	2.0 %	\$ 12.8	11.5 %	\$ 68.2	3.6 %

- (1) Total Company includes Other. Grainger's businesses reported in Other do not meet the criteria of a reportable segment.
- (2) Compared to net sales in the prior year period.
- (3) Excludes the impact on net sales due to the difference in U.S. selling days relative to the prior year period on a daily basis. There were 64 sales days in the three months ended September 30, 2025 and 2024.
- (4) Excludes the impact on net sales due to year-over-year foreign currency exchange rate fluctuations on a daily basis.

**W.W. Grainger, Inc. and Subsidiaries**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL**  
**CONDITION AND RESULTS OF OPERATIONS**

The following tables provide reconciliations of reported net sales growth from the prior year period in accordance with GAAP to the Company's non-GAAP measures daily net sales and daily, constant currency net sales for the nine months ended September 30, 2025 and 2024 (in millions of dollars):

	Nine Months Ended September 30,					
	High-Touch Solutions N.A.		Endless Assortment		Total Company <sup>(1)</sup>	
	2025	% Change <sup>(2)</sup>	2025	% Change <sup>(2)</sup>	2025	% Change <sup>(2)</sup>
Reported net sales	\$ 10,576	1.9 %	\$ 2,692	16.1 %	\$ 13,517	4.5 %
Daily impact <sup>(3)</sup>	0.3	0.5	0.1	0.6	0.4	0.5
Daily net sales	55.7	2.4	14.2	16.7	71.2	5.0
Foreign currency exchange <sup>(4)</sup>	0.2	0.3	(0.2)	(1.3)	—	(0.1)
Daily, constant currency net sales	\$ 55.9	2.7 %	\$ 14.0	15.4 %	\$ 71.2	4.9 %
	2024	% Change <sup>(2)</sup>	2024	% Change <sup>(2)</sup>	2024	% Change <sup>(2)</sup>
Reported net sales	\$ 10,378	3.2 %	\$ 2,318	5.0 %	\$ 12,935	3.6 %
Daily impact <sup>(3)</sup>	(0.3)	(0.5)	(0.1)	(0.5)	(0.4)	(0.5)
Daily net sales	53.8	2.7	12.0	4.5	67.0	3.1
Foreign currency exchange <sup>(4)</sup>	—	—	0.8	6.6	0.8	1.2
Daily, constant currency net sales	\$ 53.8	2.7 %	\$ 12.8	11.1 %	\$ 67.8	4.3 %

- (1) Total Company includes Other. Grainger's businesses reported in Other do not meet the criteria of a reportable segment.
- (2) Compared to net sales in the prior year period.
- (3) Excludes the impact on net sales due to the difference in U.S. selling days relative to the prior year period on a daily basis. There were 191 and 192 sales days in the nine months ended September 30, 2025 and 2024, respectively.
- (4) Excludes the impact on net sales due to year-over-year foreign currency exchange rate fluctuations on a daily basis.

The following tables provide reconciliations of reported SG&A expenses, operating earnings, net earnings attributable to W.W. Grainger, Inc. and diluted earnings per share determined in accordance with GAAP to the Company's non-GAAP measures adjusted SG&A expenses, adjusted operating earnings, adjusted net earnings attributable to W.W. Grainger, Inc. and adjusted diluted earnings per share for the three and nine months ended September 30, 2025 and 2024 (in millions of dollars):

**W.W. Grainger, Inc. and Subsidiaries**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL**  
**CONDITION AND RESULTS OF OPERATIONS**

<i>Three months ended September 30, 2025</i>	Reported	Adjustment <sup>(1)</sup>	Adjusted	% Change Reported <sup>(2)</sup>	% Change Adjusted <sup>(2)</sup>
<b><u>Selling, general and administrative expenses</u></b>					
High-Touch Solutions N.A.	\$ 871	\$ —	\$ 871		
Endless Assortment	199	(10)	189		
Other <sup>(3)</sup>	217	(186)	31		
<b>Selling, general and administrative expenses</b>	<b>\$ 1,287</b>	<b>\$ (196)</b>	<b>\$ 1,091</b>	<b>24.5%</b>	<b>5.5%</b>
<b><u>Earnings</u></b>					
High-Touch Solutions N.A.	\$ 624	\$ —	\$ 624		
Endless Assortment	82	10	92		
Other <sup>(3)</sup>	(195)	186	(9)		
<b>Operating earnings</b>	<b>\$ 511</b>	<b>\$ 196</b>	<b>\$ 707</b>	<b>(25.5)%</b>	<b>3.1%</b>
Total other expense – net	(19)	—	(19)		
Income tax provision <sup>(4)</sup>	(171)	—	(171)		
<b>Net earnings</b>	<b>\$ 321</b>	<b>\$ 196</b>	<b>\$ 517</b>		
Noncontrolling interest	(27)	—	(27)		
<b>Net earnings attributable to W.W. Grainger, Inc.</b>	<b>\$ 294</b>	<b>\$ 196</b>	<b>\$ 490</b>	<b>(39.5)%</b>	<b>0.8%</b>
<b>Diluted earnings per share</b>	<b>\$ 6.12</b>	<b>\$ 4.09</b>	<b>\$ 10.21</b>	<b>(38.0)%</b>	<b>3.4%</b>
<i>Three months ended September 30, 2024</i>	Reported	Adjustment <sup>(1)</sup>	Adjusted	% Change Reported <sup>(2)</sup>	% Change Adjusted <sup>(2)</sup>
<b><u>Selling, general and administrative expenses</u></b>					
High-Touch Solutions N.A.	\$ 845	\$ —	\$ 845		
Endless Assortment	163	—	163		
Other <sup>(3)</sup>	26	—	26		
<b>Selling, general and administrative expenses</b>	<b>\$ 1,034</b>	<b>\$ —</b>	<b>\$ 1,034</b>	<b>4.7%</b>	<b>4.7%</b>
<b><u>Earnings</u></b>					
High-Touch Solutions N.A.	\$ 617	\$ —	\$ 617		
Endless Assortment	70	—	70		
Other <sup>(3)</sup>	(1)	—	(1)		
<b>Operating earnings</b>	<b>\$ 686</b>	<b>\$ —</b>	<b>\$ 686</b>	<b>2.8%</b>	<b>2.8%</b>
Total other expense – net	(15)	—	(15)		
Income tax provision	(166)	—	(166)		
<b>Net earnings</b>	<b>\$ 505</b>	<b>\$ —</b>	<b>\$ 505</b>		
Noncontrolling interest	(19)	—	(19)		
<b>Net earnings attributable to W.W. Grainger, Inc.</b>	<b>\$ 486</b>	<b>\$ —</b>	<b>\$ 486</b>	<b>2.1%</b>	<b>2.1%</b>
<b>Diluted earnings per share</b>	<b>\$ 9.87</b>	<b>\$ —</b>	<b>\$ 9.87</b>	<b>4.7%</b>	<b>4.7%</b>

(1) Reflects the asset impairment loss and other expenses recorded in the third quarter of 2025 related to the Company's intention to exit the U.K. market, including the planned divestiture of the Cromwell business, which was held for sale as of September 30, 2025. There were no non-GAAP adjustments for the three months ended September 30, 2024.

(2) Compared to the reported and adjusted results of the prior year period.

(3) Grainger's businesses reported in Other do not meet the criteria of a reportable segment.

(4) Grainger's reported and adjusted effective tax rates were 34.7% and 24.8% for the three months ended September 30, 2025, respectively.

**W.W. Grainger, Inc. and Subsidiaries**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL**  
**CONDITION AND RESULTS OF OPERATIONS**

<i>Nine Months Ended September 30, 2025</i>	Reported	Adjustment <sup>(1)</sup>	Adjusted	% Change Reported <sup>(2)</sup>	% Change Adjusted <sup>(2)</sup>
<b><u>Selling, general and administrative expenses</u></b>					
High-Touch Solutions N.A.	\$ 2,575	\$ —	\$ 2,575		
Endless Assortment	557	(10)	547		
Other <sup>(3)</sup>	270	(186)	84		
<b>Selling, general and administrative expenses</b>	<b>\$ 3,402</b>	<b>\$ (196)</b>	<b>\$ 3,206</b>	<b>10.5%</b>	<b>4.7%</b>
<b><u>Earnings</u></b>					
High-Touch Solutions N.A.	\$ 1,813	\$ —	\$ 1,813		
Endless Assortment	246	10	256		
Other <sup>(3)</sup>	(198)	186	(12)		
<b>Operating earnings</b>	<b>\$ 1,861</b>	<b>\$ 196</b>	<b>\$ 2,057</b>	<b>(7.1)%</b>	<b>1.8%</b>
Total other expense – net	(51)	—	(51)		
Income tax provision <sup>(4)</sup>	(481)	—	(481)		
<b>Net earnings</b>	<b>\$ 1,329</b>	<b>\$ 196</b>	<b>\$ 1,525</b>		
Noncontrolling interest	(74)	—	(74)		
<b>Net earnings attributable to W.W. Grainger, Inc.</b>	<b>\$ 1,255</b>	<b>\$ 196</b>	<b>\$ 1,451</b>	<b>(12.5)%</b>	<b>0.3%</b>
<b>Diluted earnings per share</b>	<b>\$ 25.97</b>	<b>\$ 4.06</b>	<b>\$ 30.03</b>	<b>(10.4)%</b>	<b>2.7%</b>
<i>Nine Months Ended September 30, 2024</i>	Reported	Adjustment <sup>(1)</sup>	Adjusted	% Change Reported <sup>(2)</sup>	% Change Adjusted <sup>(2)</sup>
<b><u>Selling, general and administrative expenses</u></b>					
High-Touch Solutions N.A.	\$ 2,510	\$ (15)	\$ 2,495		
Endless Assortment	492	—	492		
Other <sup>(3)</sup>	76	(1)	75		
<b>Selling, general and administrative expenses</b>	<b>\$ 3,078</b>	<b>\$ (16)</b>	<b>\$ 3,062</b>	<b>5.2%</b>	<b>4.7%</b>
<b><u>Earnings</u></b>					
High-Touch Solutions N.A.	\$ 1,818	\$ 15	\$ 1,833		
Endless Assortment	190	—	190		
Other <sup>(3)</sup>	(4)	1	(3)		
<b>Operating earnings</b>	<b>\$ 2,004</b>	<b>\$ 16</b>	<b>\$ 2,020</b>	<b>(0.2)%</b>	<b>0.6%</b>
Total other expense – net	(42)	—	(42)		
Income tax provision <sup>(4)</sup>	(470)	(4)	(474)		
<b>Net earnings</b>	<b>\$ 1,492</b>	<b>\$ 12</b>	<b>\$ 1,504</b>		
Noncontrolling interest	(58)	—	(58)		
<b>Net earnings attributable to W.W. Grainger, Inc.</b>	<b>\$ 1,434</b>	<b>\$ 12</b>	<b>\$ 1,446</b>	<b>—%</b>	<b>0.8%</b>
<b>Diluted earnings per share</b>	<b>\$ 29.00</b>	<b>\$ 0.25</b>	<b>\$ 29.25</b>	<b>2.4%</b>	<b>3.3%</b>

(1) Reflects the asset impairment loss and other expenses recorded in the third quarter of 2025 related to the Company's intention to exit the U.K. market, including the planned divestiture of the Cromwell business, which was held for sale as of September 30, 2025, and restructuring costs incurred in the second quarter of 2024.

(2) Compared to the reported and adjusted results of the prior year period.

(3) Grainger's businesses reported in Other do not meet the criteria of a reportable segment.

(4) Grainger's reported and adjusted effective tax rates were 26.6% and 24.0% for the nine months ended September 30, 2025, respectively. The nine months ended September 30, 2024 reflect a tax benefit related to the restructuring costs incurred in the second quarter.

**W.W. Grainger, Inc. and Subsidiaries**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL**  
**CONDITION AND RESULTS OF OPERATIONS**

**Liquidity and Capital Resources**

Grainger believes its current balances of cash and cash equivalents, marketable securities, and availability under its revolving credit facility will be sufficient to meet its liquidity needs for the next twelve months. The Company expects to continue to invest in its business and return excess cash to shareholders through cash dividends and share repurchases, which it plans to fund through cash flows generated from operations. Grainger also maintains access to capital markets and may issue debt or equity securities from time to time, which may provide an additional source of liquidity.

Cash and Cash Equivalents

As of September 30, 2025 and December 31, 2024, Grainger had cash and cash equivalents of \$535 million and \$1,036 million, respectively. The Company had approximately \$1.8 billion in available liquidity as of September 30, 2025.

Cash Flows

The following table shows the Company's cash flow activity for the periods presented (in millions of dollars):

	Nine Months Ended September 30,	
	2025	2024
Total cash provided by (used in):		
Operating activities	\$ 1,620	\$ 1,683
Investing activities	(543)	(262)
Financing activities	(1,599)	(615)
Effect of exchange rate changes on cash and cash equivalents	21	(18)
Increase (decrease) in cash and cash equivalents	<u>\$ (501)</u>	<u>\$ 788</u>

Net cash provided by operating activities was \$1,620 million and \$1,683 million for the nine months ended September 30, 2025 and 2024, respectively. The decrease was driven by unfavorable changes in working capital primarily due to inventory inflation partially offset by timing of cash payments compared to the prior year period.

Net cash used in investing activities was \$543 million and \$262 million for the nine months ended September 30, 2025 and 2024, respectively. The increase was due to capital expenditures driven by continued U.S. and MonotaRO supply chain investments in the first nine months of 2025.

Net cash used in financing activities was \$1,599 million and \$615 million for the nine months ended September 30, 2025 and 2024, respectively. The increase in cash used in financing activities was primarily due to the repayment of the 1.85% Senior Notes in the amount of \$500 million.

Working Capital

Working capital as of September 30, 2025 was \$3,347 million, an increase of \$65 million compared to \$3,282 million as of December 31, 2024. As of September 30, 2025 and December 31, 2024, the ratio of current assets to current liabilities was 2.8 and 2.9, respectively.

Debt

Grainger maintains a debt ratio and liquidity position that provides flexibility in funding working capital needs and long-term cash requirements. Grainger has various sources of financing available.

Total debt as a percent of total capitalization was 37.4% and 42.9% as of September 30, 2025 and December 31, 2024, respectively.

Grainger receives ratings from two independent credit rating agencies: Moody's Investor Service (Moody's) and Standard & Poor's (S&P). Both credit rating agencies currently rate the Company's corporate credit at investment grade.

**W.W. Grainger, Inc. and Subsidiaries**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL**  
**CONDITION AND RESULTS OF OPERATIONS**

The following table summarizes the Company's credit ratings as of September 30, 2025:

	Corporate	Senior Unsecured	Short-term
Moody's	A2	A2	P1
S&P	A+	A+	A1

**Commitments and Other Contractual Obligations**

There were no material changes to the Company's commitments and other contractual obligations from those disclosed in Part II, Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's 2024 Form 10-K.

**Critical Accounting Estimates**

The preparation of Grainger's Condensed Consolidated Financial Statements and accompanying notes are in conformity with GAAP and the Company's discussion and analysis of its financial condition and operating results require the Company's management to make assumptions and estimates that affect the reported amounts. The Company considers an accounting policy to be a critical estimate if: (1) it involves assumptions that are uncertain when judgment was applied, and (2) changes in the estimate assumptions, or selection of a different estimate methodology, could have a significant impact on Grainger's consolidated financial position and results. While the Company believes the assumptions and estimates used are reasonable, the Company's management bases its estimates on historical experience and on various other assumptions it believes to be reasonable under the circumstances.

Note 1 of the Notes to Consolidated Financial Statements in Part II, Item 8: Financial Statements of the Company's 2024 Form 10-K describe the significant accounting policies and methods used in the preparation of the Company's Condensed Consolidated Financial Statements.

There were no material changes to the Company's critical accounting estimates from those disclosed in Part II, Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's 2024 Form 10-K.

**W.W. Grainger, Inc. and Subsidiaries**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL**  
**CONDITION AND RESULTS OF OPERATIONS**

**Forward-Looking Statements**

From time to time in this Quarterly Report on Form 10-Q as well as in other written reports, communications and verbal statements, Grainger makes forward-looking statements that are not historical in nature but concern forecasts of future results, business plans, analyses, prospects, strategies, objectives and other matters that may be deemed to be "forward-looking statements" under the federal securities laws. Forward-looking statements can generally be identified by their use of terms such as "anticipate," "estimate," "believe," "expect," "could," "forecast," "may," "intend," "plan," "predict," "project," "will," or "would," and similar terms and phrases, including references to assumptions.

Grainger cannot guarantee that any forward-looking statement will be realized and achievement of future results is subject to risks and uncertainties, many of which are beyond Grainger's control, which could cause Grainger's results to differ materially from those that are presented. Important factors that could cause actual results to differ materially from those presented or implied in the forward-looking statements include, without limitation: inflation, higher product costs or other expenses, including operational and administrative expenses; a major loss of customers; loss or disruption of sources of supply; changes in customer or product mix; increased competitive pricing pressures; changes in third-party practices regarding digital advertising; failure to enter into or sustain contractual arrangements on a satisfactory basis with group purchasing organizations; failure to develop, manage or implement new technology initiatives or business strategies, including with respect to Grainger's eCommerce platforms and artificial intelligence; failure to adequately protect intellectual property or successfully defend against infringement claims; fluctuations or declines in Grainger's gross profit margin; Grainger's responses to market pressures; the outcome of pending and future litigation or governmental or regulatory proceedings, including with respect to wage and hour, anti-bribery and corruption, environmental, regulations related to advertising, marketing and the internet, consumer protection, pricing (including disaster or emergency declaration pricing statutes), product liability, compliance or safety, trade and export compliance, general commercial disputes, or privacy and cybersecurity matters; investigations, inquiries, audits and changes in laws and regulations; failure to comply with laws, regulations and standards, including new or stricter environmental laws or regulations; government contract matters; the impact of any government shutdown; disruption or breaches of information technology or data security systems involving Grainger or third parties on which Grainger depends; general industry, economic, market or political conditions; general global economic conditions including existing, new, or increased tariffs, trade issues and changes in trade policies, inflation, and interest rates; currency exchange rate fluctuations; market volatility, including price and trading volume volatility or price declines of Grainger's common stock; commodity price volatility; facilities disruptions or shutdowns; higher fuel costs or disruptions in transportation services; effects of outbreaks of pandemic disease or viral contagions, global conflicts, natural or human induced disasters, extreme weather, and other catastrophes or conditions; effects of climate change; failure to execute on our efforts and programs related to environmental, social and governance matters; competition for, or failure to attract, retain, train, motivate and develop executives and key team members; loss of key members of management or key team members; loss of operational flexibility and potential for work stoppages or slowdowns if team members unionize or join a collective bargaining arrangement; changes in effective tax rates; changes in credit ratings or outlook; Grainger's incurrence of indebtedness or failure to comply with restrictions and obligations under its debt agreements and instruments and other factors identified under Part I, Item 1A: Risk Factors and elsewhere in Grainger's latest Form 10-K, as updated from time to time in Grainger's Quarterly Form 10-Q.

The preceding list is not intended to be an exhaustive list of all of the factors that could impact Grainger's forward-looking statements. Given these risks and uncertainties, you are cautioned not to place undue reliance on Grainger's forward looking-statements and Grainger undertakes no obligation to update or revise any of its forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

**Item 3: Quantitative and Qualitative Disclosures About Market Risk**

Grainger's primary market risk exposures include changes in foreign currency exchange and interest rates.

There were no material changes to the Company's market risk from those described in Part II, Item 7A: Quantitative and Qualitative Disclosures About Market Risk in the Company's 2024 Form 10-K.

**Item 4: Controls and Procedures**

Disclosure Controls and Procedures

The Company, under the supervision and with the participation of its management, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of Grainger's disclosure controls and procedures (as defined in Rule 13a-15(e)) under the Securities Exchange Act of 1934, as amended (the Exchange Act) as of the end of the period covered by this quarterly report. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that Grainger's disclosure controls and procedures were effective as of the end of the period covered by this report in (i) ensuring that information required to be disclosed by Grainger in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting

There were no changes in Grainger's internal control over financial reporting for the quarter ended September 30, 2025, that have materially affected, or are reasonably likely to materially affect, Grainger's internal control over financial reporting.

## PART II – OTHER INFORMATION

### Item 1: Legal Proceedings

For an update to the description of the Company's legal proceedings, see Note 8 of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1: Financial Information of this Form 10-Q.

### Item 1A: Risk Factors

There have been no material changes from the risk factors previously disclosed in Part 1, Item 1A: Risk Factors in the Company's 2024 Form 10-K.

### Item 2: Unregistered Sales of Equity Securities and Use of Proceeds

#### Issuer Purchases of Equity Securities – Third Quarter 2025

Period	Total Number of Shares Purchased <sup>(1)(2)</sup>	Average Price Paid per Share <sup>(3)</sup>	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(4)</sup>	Maximum Number of Shares That May Yet be Purchased Under the Plans or Programs
Jul. 1 – Jul. 31	96,280	\$1,043.70	96,161	3,587,343
Aug. 1 – Aug. 31	93,310	\$966.32	93,310	3,494,033
Sep. 1 – Sep. 30	99,954	\$987.25	99,954	3,394,079
Total	289,544		289,425	

(1) There were no shares withheld to satisfy tax withholding obligations.

(2) The difference of 119 shares between the Total Number of Shares Purchased and the Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs represents shares purchased by the administrator and record keeper of the W.W. Grainger, Inc. Retirement Savings Plan for the benefit of the employees who participate in the plan.

(3) Average price paid per share excludes excise tax and commissions of \$0.02 per share paid.

(4) Purchases were made pursuant to a share repurchase program approved by Grainger's Board of Directors and announced April 24, 2024 (2024 Program). The 2024 Program authorized the Company to repurchase an aggregate amount of up to five million shares in the open market, through privately negotiated transactions and block transactions, pursuant to a trading plan or otherwise with no expiration date.

### Item 5: Other Information

On September 4, 2025, D.G. Macpherson, Grainger's Chief Executive Officer, adopted a written plan for the exercise of options and sale of shares received. The aggregate number of options subject to the plan is 30,663 and excludes shares withheld by the financial advisor to satisfy transaction costs and income tax withholding obligations in connection with the net settlement of the options and shares. The plan is a multi-trade plan, is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) and will expire on September 1, 2026, or any earlier date on which all of the shares have been sold.

None of the Company's other directors or officers adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's quarter ended September 30, 2025.

On October 29, 2025, the Board of Directors of W.W. Grainger, Inc. (the "Company"), upon the recommendation of its compensation committee, approved the Executive Severance Plan (the "Severance Plan") and the Executive Change in Control Severance Plan (the "CIC Plan", and together with the Severance Plan, the "Plans"), in which certain senior executives of the Company will participate, including its named executive officers. The Plans become effective as of December 31, 2025 and will replace the existing severance policy and change in control employment agreements for such executives, subject to any applicable notice period unless waived by the participant.

Upon a participant's qualifying termination of employment, the Severance Plan provides for severance payments equal to 2x or 1.5x base salary plus target annual incentive, pro-rata annual incentive award(s) for the year of termination, pro rata vesting treatment of outstanding equity awards, a portion of the participant's COBRA costs, and outplacement benefits. Upon a participant's qualifying termination of employment following a change in control of the Company, the CIC Plan applies in lieu of the Severance Plan and provides for a severance payment equal to 2x base salary plus target annual incentive, pro-rata annual incentive award(s), double-trigger vesting treatment of outstanding equity awards, and COBRA costs.

The descriptions of the Severance Plan and CIC Plan are qualified in their entirety by reference to the full texts of such plans, which are filed as Exhibits 10.1 and 10.2, respectively, to this Report, and which are incorporated herein by reference thereto.

## W.W. Grainger, Inc. and Subsidiaries

### Item 6: Exhibits

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
<a href="#">10.1</a>	W.W. Grainger, Inc. Executive Severance Plan (effective December 31, 2025).*
<a href="#">10.2</a>	W.W. Grainger, Inc. Executive Change in Control Severance Plan (effective December 31, 2025).*
<a href="#">31.1</a>	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.**
<a href="#">31.2</a>	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.**
<a href="#">32</a>	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.***
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.**
101.SCH	XBRL Taxonomy Extension Schema Document.**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.**
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.**
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).**

(\*) Management contract or compensatory plan or arrangement.

(\*\*) Filed herewith.

(\*\*\*) Furnished herewith.



**W.W. GRAINGER, INC.**  
**EXECUTIVE SEVERANCE PLAN**  
**(Effective December 31, 2025)**

The purpose of this Plan is to provide participants with severance pay and benefits in the event that the eligible employee's employment is involuntarily terminated under circumstances entitling the employee to severance pay and benefits.

Capitalized terms and other terms set forth in this Plan are defined in Section 6. Except as specified herein, this Plan supersedes any and all prior policies, agreements, and related provisions (written or oral), in effect prior to the effectiveness of this Plan, which existed with respect to severance not related to a Change in Control (as defined in the W.W. Grainger, Inc. 2022 Incentive Plan) and any related compensation continuation practices.

**SECTION 1. ELIGIBILITY.**

An employee of the Company or its Affiliates will be a Plan Participant if the employee holds any of the titles below, or is otherwise designated to be in any of the following participation tiers by the Plan Administrator in writing:

<b>Tier</b>	<b>Title</b>
Tier 1 Participant	<i>Chief Executive Officer</i>
Tier 2 Participant	<i>Senior Vice President (E3) and any other participant as designated by the Board of Directors of W.W. Grainger, Inc. in Appendix A</i>

**SECTION 2. SEVERANCE BENEFITS.**

Each Plan Participant who experiences a Non-Change In Control Severance shall receive, subject to the timely execution, return, and non-revocation of the Separation Agreement within sixty days following the Severance Date or within the applicable time frame set forth in the Separation Agreement (the "Release Period"), and the other conditions of this Plan:

(A) **Cash Severance Payment.** A cash severance payment equal to the Plan Participant's annual base salary at the rate in effect at the Severance Date and the target incentive award (pursuant to the terms of the Company Management Incentive Plan) in effect at the Severance Date, multiplied by the factor identified in the table below based on their Tier Participant designation:

<b>Tier</b>	<b>Factor</b>
Tier 1 Participant	<b>2</b>
Tier 2 Participant	<b>1.5</b>

Non-Change In Control Severance pay will be paid in installments over the time period equal to the duration of the applicable Severance Period following the Severance Date (less applicable

taxes), commencing as soon as administratively practicable following the expiration of the Release Period for a signed Separation Agreement. The first such payment shall include any amounts that would have been paid prior thereto had payments commenced immediately upon the Severance Date; provided, however that if the Release Period spans two calendar years, the first such payment shall be made in the second calendar year to the extent such payment constitutes “nonqualified deferred compensation” for purposes of IRS Code Section 409A, and shall include any amounts that would have otherwise been paid prior thereto. Payments will be made in accordance with the employee’s pay schedule while actively employed, but in no event less frequently than monthly.

Notwithstanding the foregoing, to the extent that a Plan Participant was a party to a Change in Control Employment Agreement (“CIC Agreement”) immediately prior to the effectiveness of this Plan, the Non-Change in Control Severance pay described herein shall be made in a lump sum as soon as administratively practicable following the expiration of the Release Period; provided, however, that if the Release Period spans two calendar years, the payment shall be made in the second calendar year to the extent that such payment constitutes “nonqualified deferred compensation.”

**(B) Treatment of Management Incentive Plan Awards.** Participants who are eligible for the Company Management Incentive Plan (“CMIP”) who sign and do not revoke their Separation Agreement will receive a prorated CMIP payout for the year in which the Severance Date falls based on the employee’s last day worked and the number of eligible days in a CMIP-eligible job (eligible days cease to accrue following the last day worked). For purposes of this prorated CMIP calculation, the business performance multiplier will be calculated at the actual business performance for the year including the Severance Date, and if applicable, an individual performance multiplier of 100% will be used.

Participants will receive the CMIP Payment on or before March 15<sup>th</sup> of the following year at such time as similar payments are made to CMIP participants.

**(C) Treatment of Equity Awards.**

(i) Plan Participants subject to a Non-Change In Control Severance will be subject to the terms of the applicable Company Long-Term Incentive Plan (“LTIP”) award agreements granted under the W.W. Grainger, Inc. 2022 Incentive Plan or any successor plan and the applicable Long-Term Incentive Plan award will control unless subject to the Restricted Stock Unit award treatment described in subparagraph (ii) below, which subparagraph (ii) amends and supplements the award agreements for Plan Participants’ RSUs outstanding as of the effective date of this Plan.

(ii) Plan Participants who received LTIP equity awards granted prior to 2026 (and whose equity awards have not fully vested at the time of a Non-Change In Control Severance) subject to a Non-Change In Control Severance who sign and do not revoke their Separation Agreement will receive a prorated vesting on their restricted stock units (“RSUs”) calculated based on the number of full completed months of service in the vesting period as of Plan Participant’s last day worked as described below.

Specifically, the pro-rata portion shall be determined by calculating the number of completed calendar months of continuous employment in the applicable RSU Award vesting period (i.e.,

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from the RSU Grant Date through the Severance Date), divided by the total number of calendar months in the original vesting schedule applicable to the RSU Award.

The number of RSUs eligible to vest pursuant to this provision shall be calculated as follows:

1. Multiply the total number of RSUs subject to the RSU Award by the ratio of full months worked to the total months in the vesting schedule.
2. Subtract the number of RSUs that vested prior to the Separation Date, if any.

The resulting number of RSUs from the above calculation (rounded up to the nearest whole share) shall vest effective as of the Severance Date, provided that the eligible employee signs and does not revoke their Separation Agreement. Such vested RSUs shall be settled in Shares and delivered to the Plan Participant no later than the 90th day following the Severance Date, but in no event later than March 15th of the calendar year following the calendar year in which such eligible employee's termination occurs.

A "complete calendar month" means a full month of continuous employment beginning on the 1st day of a calendar month and ending on the last day of that same calendar month.

For purposes of calculating pro-rata vesting of RSU awards pursuant to this Plan, (a) partial months of service (i.e., the month in which termination occurs if the Severance Date is not the last day of the month) shall not be counted and (b) a Plan Participant shall not be eligible for any dividend equivalent payments for such pro-rata vested amount of their RSU awards with respect to the Company's dividend record dates occurring after the Plan Participant's Severance Date.

For purposes of RSU awards granted in 2026 or thereafter, equity treatment in connection with a Non-Change In Control Severance will be as set forth in the terms of the applicable award agreement.

For purposes of the RSU pro-rata vesting treatment described above, to the extent that the terms of the applicable award agreement allow for vesting treatment, the eligible employee will be subject to whichever vesting treatment is most favorable.

Notwithstanding the above, all unearned and unvested Restricted Share Unit awards held by a Plan Participant shall be forfeited on the sixtieth (60th) day following the Plan Participant's Severance Date if the Separation Agreement has not been executed and become irrevocable prior to such date. Further, notwithstanding any provision of this Plan or any accelerated vesting that may occur pursuant to this section, to the extent that RSUs constitute "nonqualified deferred compensation" within the meaning of IRS Code Section 409A, the settlement (delivery of the underlying share(s) and/or payment of any related amounts) of any such RSUs shall occur on, and only on, the original settlement date(s) specified in the applicable definitive grant agreement (or as soon thereafter as permitted under Treasury Regulation §1.409A-3(d)), and in no event shall this section be interpreted to permit a settlement or payment earlier than is permissible under IRS Code Section 409A.

(iii) The treatment of a Plan Participant's Performance Stock Units ("PSUs") shall be determined in accordance with the terms of the applicable award agreement(s) granted under

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the W.W. Grainger, Inc. 2022 Incentive Plan or any successor plan and the applicable Long-Term Incentive Plan .

(D) **Benefits Continuation.** To the extent a Participant is enrolled in Company medical coverage on the Severance Date, such coverage shall continue through the Severance Date (i.e., last day worked). Participants shall, in the normal course, receive notification of their right to elect to continue group coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) and the terms of the Company's group health plans.

As additional consideration for accepting the Separation Agreement, pursuant to this section, and provided that it does not result in adverse consequences to the Company under either Code Section 105(h) or the Patient Protection and Affordable Care Act of 2010, Participants who are enrolled in a Company-sponsored medical plan as of the Severance Date shall be entitled to an additional cash amount intended to assist eligible employees with the cost of that continued plan coverage, equivalent to 70% of the COBRA cost of medical plan coverage for the Participant plus any dependents for the Severance Period. The Plan Participant (and any dependents) who elect COBRA will still be responsible for paying the COBRA premium in the time and manner indicated in the COBRA notice.

Notwithstanding the foregoing, to the extent that a Plan Participant was a party to a Change in Control Employment Agreement immediately prior to the effectiveness of this Plan, the amount payable pursuant to this Section 2(D) shall instead be paid on a monthly basis over the Severance Period. After the end of the COBRA subsidy period, the Plan Participant (and any dependents) will be responsible for paying the full cost of COBRA coverage to remain enrolled.

(E) **Outplacement Benefits.** Participants who sign and do not revoke their Separation Agreement shall also be entitled to outplacement benefits in an amount not to exceed \$20,000. The Company will provide additional details regarding the scope and parameters of the outplacement benefit in connection with the employee's separation process. Any such outplacement support must be elected by the employee no later than 60 days from the Severance Date.

(F) **Other Company Benefits.** All other Company benefits for an eligible employee (including medical, retiree medical, dental, vision, flexible spending, 401(k), life insurance, disability coverage, paid time off accrual, unreimbursed business expenses, etc.) will cease in accordance with the documents governing such benefits, subject to continuation or conversion rights, where applicable. All pay and other benefits (except Plan benefits) under any such plan, policy or arrangement of the Company that are payable on account of the employee's termination will be paid according to the terms of those established policies, plans and arrangements, as well as in compliance with applicable law.

### **SECTION 3. PLAN ADMINISTRATION.**

3.1 The Plan Administrator shall administer the Plan and shall have the full, discretionary authority to: (a) construe and interpret the Plan, (b) adopt amendments to the Plan that are necessary or desirable to bring the Plan in compliance with all applicable laws and regulations, (c) prescribe, amend and rescind rules and regulations necessary or desirable for the proper and effective administration of the Plan, (d) prescribe, amend, modify and waive the

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various forms and documents to be used in connection with the operation of the Plan and the times for giving any notice required by the Plan, and (e) make all other determinations necessary or advisable for the administration of the Plan, subject to a Plan Participant's right to challenge any determination (including without limitation a denial or partial denial of any claim for benefits) under Section 5.16 below.

3.2 The Plan Administrator may delegate any of its duties under the Plan from time to time, other than as relates to Plan Participants who are subject to Section 16 of the Exchange Act.

3.3 The Plan Administrator is empowered, on behalf of the Plan, to engage accountants, legal counsel and other personnel as it deems necessary or advisable to assist it in the performance of its duties under the Plan. All reasonable expenses for advisors shall be borne by the Employer.

A. The Plan Administrator shall promptly provide the Separation Agreement to a Plan Participant who becomes eligible for any payment under Section 2 and shall require an executed Separation Agreement to be returned to the Plan Administrator. If the Plan Participant does not execute and return the Separation Agreement to the Plan Administrator and the Separation Agreement does not become effective prior to the end of the Release Period, such Plan Participant will not be entitled to any payments or benefits under the Plan.

#### **SECTION 4. PLAN MODIFICATION OR TERMINATION.**

The Plan may be amended or terminated at any time by the Compensation Committee of the Board.

#### **SECTION 5. GENERAL PROVISIONS.**

**Section 409A.** The Plan is intended to satisfy the requirements of Code Section 409A, or to comply with an exemption under Code Section 409A. The Plan shall, to the extent possible, be administered to prevent the adverse tax consequences described in Code Section 409A(a)(1) from applying to any payment made under the Plan. Each payment made pursuant to the Plan shall be treated as a separate payment and the right to a series of installment payments pursuant to the Plan is to be treated as a right to a series of separate payments. Notwithstanding anything to the contrary in this Plan, if a Plan Participant is deemed on the date of termination to be a "specified employee" within the meaning of that term under IRS Code Section 409A(a)(2)(B), then with regard to any payment or the provision of any benefit that is considered deferred compensation under IRS Code Section 409A payable on account of a "separation from service," such payment or benefit shall not be made or provided until the date which is the earlier of (A) the expiration of the six (6)-month period measured from the date of such "separation from service" of the Plan Participant, and (B) the date of the Plan Participant's death, to the extent required under IRS Code Section 409A.

5.1 **No Assignment of Benefits.** Except as otherwise provided herein or by law, no right or interest of any Plan Participant under the Plan shall be assignable or transferable and no attempted assignment or transfer shall be effective. When a payment is due under this Plan to a Plan Participant who is unable to care for his or her affairs, payment may be made directly to his or her guardian or personal representative.

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5.2 **No Right to Continued Service.** The Plan shall not be construed as giving any Plan Participant, or any person, the right to be retained in the service of the Employer, and all Plan Participants remain subject to discharge at any time and for any reason.

5.3 **Notice Period.** If the Employer is obligated by law, contract, policy or otherwise to pay severance, a termination indemnity, notice pay, or the like, or if the Employer is obligated by law to provide advance notice of separation ("*Notice Period*"), then any Severance Payment hereunder shall be reduced by the amount of any severance pay, termination indemnity, notice pay or the like, as applicable, and by the amount of any compensation received during any Notice Period.

5.4 **No Duty to Mitigate.** A Plan Participant shall not be required to mitigate the amount of any payment provided for in this Plan by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Plan be reduced by any compensation earned by a Plan Participant as a result of employment by another employer.

5.5 **Withholding.** The Employer shall withhold all applicable income and employment taxes and other authorized deductions from the payments made under the Plan. Notwithstanding any other provision of this Plan, the Company shall not be obligated to guarantee any particular tax result for a Plan Participant with respect to any payment or benefit provided under this Plan, and the Plan Participant shall be responsible for any and all taxes imposed such Plan Participant pursuant to this Plan.

A. **Successors.** This Plan shall be binding on the heirs, executors, administrators, successors and assigns of the parties, including any successor to the Employer. If a Plan Participant dies while any amount is still payable to the Participant under the Plan, any remaining amounts shall be paid to the executor, personal representative or administrators of the Plan Participant's estate.

B. **Severability.** If any provision of this Plan is held invalid or unenforceable, it shall not affect any other provisions, and this Plan shall be construed and enforced as if those provisions had not been included.

C. **Plan is Unfunded.** The Plan shall not be funded. All payments under the Plan shall be made from the general assets of the Company. Each Plan Participant shall only be a general unsecured creditor of the Company.

D. **Notice.** Any notice under this Plan shall be in writing and shall be given when delivered or mailed by registered or certified mail, return receipt requested, postage prepaid, addressed to the intended recipient at his, her or its last known address. A written notice of a Plan Participant's Severance Date by the Company or the Plan Participant, as the case may be, to the other shall: (a) indicate the specific termination provision of the Plan that is being relied upon; (b) to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Plan Participant's employment; and (c) specify the termination date.

E. **No Right to Other Benefits.** Nothing in the Plan shall require the Employer to provide any payment that duplicates any payment, benefit, or grant that a Plan

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Participant is entitled to receive under any arrangement. Any severance benefit provided under any Employer compensation or benefit plan, agreement, or other arrangement, including without limitation the W.W. Grainger, Inc. Executive Change In Control Severance Plan, shall offset, on a dollar for dollar basis, any benefits owed under this Plan. The amounts paid or provided under the Plan shall not be treated as compensation for purposes of determining any benefits payable under any retirement, life insurance, or other employee benefit plan, unless otherwise required by the terms of the plan or local law.

5.6 **Plan Conflicts/Integration.** Except to the extent explicitly provided in this Plan, any awards made under any compensation or benefit plan or program shall be governed by the terms of that plan or program and any applicable award agreement thereunder. The Plan, as amended from time to time, constitutes the entire agreement between the Company and any Plan Participant concerning the severance benefits payable to Plan Participants upon a change in control, and supersedes all related plans, agreements and understandings except as otherwise stated in this Plan.

A. **Governing Law.** If an employee or former employee of the Company brings a cause of action under the Plan, the laws of the state of Illinois shall apply (without giving effect to its provisions on the conflict of laws or choice of law provisions), except where ERISA preempts such laws. Any and all legal actions initiated to enforce any right or obligation arising out of or relating to the Plan, or concerning the subject matter hereof, shall be brought in and determined in federal court in the United States District Court of the Northern District of Illinois, or if federal jurisdiction does not exist, in state court in Lake County, Illinois, to the fullest extent permitted by law.

B. **ERISA.** The Plan is intended to provide severance benefits to Company executives who are a select group of management or highly compensated employees (within the meaning of ERISA), in the event of certain involuntary terminations of employment. The Plan is intended to be a top hat welfare benefit plan under ERISA.

C. **Claim Review Process.** In the event of a claim for benefits, the Plan Participant shall present his or her claim in writing to the Plan Administrator as set forth in this Section 5.14. The Plan Administrator has the exclusive right to determine eligibility for benefits under the Plan and to deny or grant a claim, in whole or in part. The Plan Administrator's decision on a claim for benefits is final and binding on all persons. Any claim by a Plan Participant (or his or her duly authorized legal representative) must identify itself as a claim for benefits under the Plan and must be submitted in writing to the Plan Administrator (i.e., the Compensation Committee of the Board, c/o Vice President, Total Rewards – Grainger, 100 Grainger Parkway, Lake Forest, IL 60045) no later than six months following the Plan Participant's termination date. The Plan Administrator shall, within 90 days after receipt of the written claim (unless special circumstances require an extension of time, in which case, written notice of such extension (not to exceed 90 days from the end of the initial 90-day period) shall be furnished to the Plan Participant prior to the termination of the initial 90-day period and shall indicate the special circumstances requiring an extension of time and the date by which the Plan Administrator expects to render the benefit determination), send a written notification to the Plan Participant as to the Plan Administrator's determination of the claim. In the event the claim is wholly or partially denied, the written notification shall: (a) state the specific reason or reasons for the denial, (b) make specific reference to any Plan provisions on which the denial is based, (c) provide a description of any additional material or information necessary for the Plan

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Participant to perfect the claim and an explanation of why the material or information is necessary, (d) provide a description of the Plan's appeals procedure specified in this Section 5.14, including the time limits applicable to such appeal procedure, and (e) include a statement of the claimant's right to bring an action under Section 502(a) of ERISA. In the event a Plan Participant wishes to perfect the claim and/or appeal the denial or partial denial of his or her claim, he or she (or his or her duly authorized legal representative) must request a review of the Plan Administrator's initial determination by making application in writing to the Plan Administrator within 60 days after receipt of such denial. The Plan Participant (or his or her duly authorized legal representative), upon written request to the Plan Administrator, shall be provided, free of charge, reasonable access to, and copies of, all documents, records and other information relevant to their claim for benefits and shall have the opportunity to submit written comments, documents, records and other information relating to their claim for benefits (which shall be taken into account by the Plan Administrator, without regard to whether such information was submitted or considered in the initial benefit determination). Within 60 days after receipt of a written appeal (unless special circumstances require an extension of time, in which case, written notice of the extension (not to exceed 60 days from the end of the initial 60-day period) shall be furnished to the Plan Participant prior to the termination of the initial 60-day period and shall indicate the special circumstances requiring an extension of time and the date by which the Plan Administrator expects to render the determination on review), the Plan Administrator shall notify the Plan Participant of the final decision. The final decision shall be in writing and in the case of an adverse benefit determination shall include: (w) specific reasons for the decision, written in a manner calculated to be understood by the claimant, (x) specific references to the Plan provisions on which the decision is based, (y) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents relevant to the claim for benefits, and (z) a statement describing the claimant's right to bring an action under Section 502(a) of ERISA. No legal action for benefits under the Plan may be brought in any forum unless and until the Plan Participant has brought a claim for benefits under the Plan and exhausted the remedies set forth in this Section 5.14. Any such action must be brought within 180 days from the date of the Plan Administrator's decision of the appeal. Notwithstanding the foregoing, if the Plan Administrator does not respond to the Plan Participant's claim or appeal within the relevant time periods set forth above, the Plan Participant's claim or appeal, as applicable, shall be deemed to be denied.

Pursuant to this Plan, the Company shall promptly reimburse the Plan Participant for all reasonable expenses, including without limitation all attorneys' fees, incurred by the Plan Participant in successfully enforcing any of the Plan Participant's rights under this Plan or in successfully obtaining any of the Plan Participant's benefits under this Plan.

If the Plan Participant does not prevail (after exhaustion of all available judicial remedies), and the Company establishes before a court of competent jurisdiction that Plan Participant had no reasonable basis for bringing an action hereunder and acted in bad faith in doing so, no reimbursement for legal fees and expenses shall be due to Plan Participant and Plan Participant shall refund any amounts previously reimbursed hereunder with respect to such action.

## **SECTION 6. DEFINITIONS.**

**"Affiliate"** shall have the meaning set forth in Rule 12b-2 under Section 12 of the Exchange Act.

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**“Beneficial Owner”** shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

**“Board”** means the Board of Directors of the Company.

**“Cause”** means the occurrence of any one or more of the following actions or failures to act as determined (a) by the Company’s Chief Executive Officer of the Company with respect to Plan Participants other than him/herself, or (b) by the Compensation Committee of the Board with respect to the Chief Executive Officer of the Company (“CEO”), with such determinations made consistent with reasonable judgment and in good faith:

(i) embezzlement, fraud or theft with respect to the property of the Company or a conviction for any felony involving moral turpitude or causing material harm, financial or otherwise, to the Company (including an Affiliate or Subsidiary);

(ii) habitual neglect in the performance of Participant’s significant duties (other than on account of incapacity due to physical or mental illness or Disability);

(iii) to the extent permitted by applicable law, engagement by the Participant, directly or indirectly, for the benefit of the Participant or others, in any outside activity, employment or business which is competitive with the Company or an Affiliate or a Subsidiary that employs the Participant;

(iv) a demonstrably deliberate act or failure to act, including a violation of the rules or policies of the Company, which causes a material financial or other loss, damage or injury to the property, reputation or employees of the Company (including an Affiliate or Subsidiary); provided, however, that, unless such an act or a failure to act was done by Participant in bad faith or without a reasonable belief that Participant’s act or failure to act, as the case may be, was in the best interest of the Company (including an Affiliate or Subsidiary) or was required by applicable law, such act or failure to act shall not constitute Cause if, within 20 days after the CEO or the Compensation Committee of the Board (as applicable) gives Participant written notice of such act or failure to act that specifically refers to this section, Participant cures such act or failure to act to the fullest extent that it is curable.

Cause shall not mean (x) bad judgment or negligence other than habitual neglect of significant duties or (y) any act or omission in respect of which the Compensation Committee of the Board or the Chief Executive Officer could have properly determined that Participant met the applicable standard of conduct for the indemnification or reimbursement under the by-laws of the Company or applicable law, in each case as in effect at the time of such act or omission. In addition, a termination of Participant’s employment shall not be deemed to be for Cause unless each of the following conditions is satisfied:

A. The Company (or the Compensation Committee of the Board, if applicable) provides Participant a written notice not less than 30 days prior to the Severance Date setting forth the Company’s intention to consider terminating Participant’s employment. Such notice shall include a statement of the intended Severance Date and a detailed description of the specific facts that the Company believes to constitute Cause.

B. No act or omission of Participant shall constitute Cause if such act or omission occurred more than 12 months before the earliest date on which the CEO or any

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member of the Compensation Committee of the Board who is not a party to the act or omission knew or in the reasonable exercise of his or her duties as a director should have known of such act or omission.

**“Company”** means W.W. Grainger, Inc., an Illinois corporation.

**“Code”** means the Internal Revenue Code of 1986, as amended from time to time.

**“Disability”** means a long-term disability under the terms of the Employer’s long-term disability plan, as then in effect.

**“Effective Date”** means December 31, 2025.

**“Employer”** means the Company or any of its Affiliates that is the employer of a Plan Participant.

**“Equity Award”** means stock options, restricted stock, restricted stock units, stock appreciation rights and other similar equity-based awards, in each case whether settled in stock, cash or otherwise, which are granted to a Plan Participant under the Company’s Long Term Incentive Plan and any other equity-based incentive plan or award adopted or assumed by the Company.

**“ERISA”** means the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

**“Exchange Act”** means the Securities Exchange Act of 1934, as amended from time to time.

**“Non-Change In Control Severance”** or **“Severance”** means an involuntary termination of employment without Cause that is not effective upon or within 24 months following a Change In Control as defined in the W.W. Grainger, Inc. 2022 Incentive Plan, as in effect as of the effective date of this Plan. Termination of a Plan Participant’s employment on account of death or Disability, declination of a comparable position, or a voluntary resignation or retirement by the Plan Participant, shall not be treated as a Non-Change In Control Severance.

**“Non-Employee Director”** means a director of the Company who is not an employee of (i) the Company, (ii) any Affiliate or (iii) any Person who beneficially owns more than 30% of the common stock then outstanding.

**“Person”** shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include: (a) the Company or any of its Affiliates; (b) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries; (c) an underwriter temporarily holding securities pursuant to an offering of such securities; or (d) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

**“Plan”** means this W.W. Grainger, Inc. Executive Severance Plan, as amended from time to time.

**“Plan Administrator”** means the Compensation Committee of the Board.

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**“Plan Participant”** or **“Participant”** means an Executive holding any of the positions or titles set forth in Schedule A or that is otherwise designated to be a participant by the Plan Administrator in writing as set forth in Schedule A, as amended from time to time by the Plan Administrator.

**“Separation Agreement”** means a written separation, waiver, and release agreement prepared by the Company in a format as amended from time to time in the Company’s sole discretion, which includes, but is not limited to: (i) a waiver and release of all claims against the Company, its affiliates, and their respective officers and directors, including claims arising out of the Plan Participant’s employment and the termination of employment; (ii) confidentiality, and further cooperation provisions; and (iii) restrictive covenants, including non-competition, non-solicitation, and non-disparagement provisions.

**“Severance Date”** means the date on which a Plan Participant’s employment by the Company terminates due to a severance-qualifying reason as specified in a prior written notice by the Company, as the case may be.

**“Severance Payment”** means the cash severance payment determined pursuant to Section 2(A).

**“Severance Period”** means the product of 12 months and the applicable Factor described in Section 2(A).

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## **SCHEDULE A**

### **DESIGNATED PARTICIPANTS**

#### **Tier 1:**

- Chairman & Chief Executive Officer (CEO)

#### **Tier 2: All Senior Vice Presidents reporting to the CEO**

- Senior Vice President, Chief Financial Officer
- Senior Vice President, Grainger Business Unit
- Senior Vice President, Chief Legal Officer
- Senior Vice President, Chief Human Resources Officer
- Senior Vice President, Chief Technology Officer
- Senior Vice President, Chief Product Officer
- Senior Vice President, Merchandising and Supplier Management
- Senior Vice President, Branch and DC Operations

**W.W. GRAINGER, INC.  
EXECUTIVE CHANGE IN CONTROL SEVERANCE PLAN  
(Effective December 31, 2025)**

The purpose of this Plan is to ensure stability within W.W. Grainger, Inc., (referred to, along with any successor, as the “Company”), during a period of uncertainty resulting from the possibility of a Change in Control by providing incentives for participants to remain in its employ. The Plan is further intended to provide participants with severance pay and benefits in the event that the eligible employee’s employment is involuntarily terminated under circumstances entitling the employee to severance pay and benefits. Capitalized terms and other terms set forth in this Plan are defined in Section 7. Except as specified herein, the Plan supersedes any and all prior change in control severance agreements and related provisions (written or oral), which may exist between Grainger and Executive.

**SECTION 1. ELIGIBILITY.**

An employee of the Company or its Affiliates will be a Plan Participant (“Participant”) if: (i) the employee holds any of the following titles: Chief Executive Officer or Senior Vice President (hereinafter “Executive”), or is otherwise designated to be a participant by the Plan Administrator in writing, and (ii) the Executive experiences a Change in Control Severance Termination as described in this Plan.

**SECTION 2. SEVERANCE BENEFITS.**

Each Plan Participant who experiences a Change in Control Severance Termination shall receive, subject to the timely execution, return, and non-revocation of the Separation Agreement within sixty days following the Severance Date or within the applicable time frame set forth in the Separation Agreement (the “Release Period”), and the other conditions of this Plan:

(A) **Cash Severance Payment.** A cash severance payment equal to the sum of the Plan Participant’s Annual Base Salary and the Plan Participant’s Target Bonus (pursuant to the terms of the Company Management Incentive Plan) in effect at the Severance Date, multiplied by the factor identified in the table below (without giving effect to any reductions that would give rise to Good Reason):

<b>Tier</b>	<b>Factor</b>
Tier 1 Participant	<b>2</b>

For a Change In Control Severance Termination, this Severance Payment shall be made in a lump sum (less applicable taxes) on the first regular payroll date following 60 days from the Severance Date, assuming the Participant signs and does not revoke the Separation Agreement, provided however that if the Release Period spans two calendar years, the first payment shall be made in the second calendar year to the extent such payment constitutes “nonqualified deferred compensation” for purposes of IRS Code Section 409A, and shall include any amounts that would have otherwise been paid prior thereto.

(B) **Treatment of Management Incentive Plan Awards.** Participants who are eligible for the Company Management Incentive Plan (“**CMIP**”) who sign and do not revoke their Separation Agreement will receive a prorated CMIP payout based on the employee’s last day worked and the number of eligible days in a CMIP-eligible job (eligible days cease to accrue following the last day worked). For purposes of this prorated CMIP calculation, the payment will be calculated based on target-level performance for the year including the Severance Date, using a business performance multiplier of 100% for the year that includes the Severance Date (for purposes of a Change In Control Severance Termination), and if applicable, an individual performance multiplier of 100% will be used. This payment shall be made in a lump sum (less applicable taxes) on the first regular payroll date following 60 days from the Severance Date, assuming the Participant signs and does not revoke a Separation Agreement.

(C) **Treatment of Equity Awards.** For purposes of any Change In Control Severance Termination, the terms of the applicable award agreement(s) granted under the W.W. Grainger, Inc. 2022 Incentive Plan or any successor plan specific to Change in Control and the applicable Long-Term Incentive Plan award will control.

(D) **Benefits Continuation.** To the extent a Plan Participant is enrolled in Company medical coverage on the Severance Date, such coverage shall continue through the Plan Participant’s Severance Date. Participants shall, in the normal course, receive notification of their right to elect to continue group coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) and the terms of the Company’s group health plans.

As additional consideration for accepting and executing the Separation Agreement, pursuant to this section and provided that it does not result in adverse consequences to the Company under either Code Section 105(h) or the Patient Protection and Affordable Care Act of 2010, Participants who are enrolled in a Company-sponsored medical plan as of the Severance Date and that elect COBRA coverage shall be entitled to an additional cash amount intended to assist eligible employees with the cost of that continued plan coverage, equivalent to 100% of the COBRA cost of medical plan coverage for the Participant plus any dependents for the 2-year period following the Severance Date, and payable in a lump sum within 60 days following the Severance Date so long as Participant signs and does not revoke the Separation Agreement. The Plan Participant (and any dependents) who elect COBRA will still be responsible for paying the COBRA premium in the time and manner indicated in the COBRA notice. Notwithstanding the foregoing, to the extent that a Plan Participant was a party to a Change in Control Employment Agreement immediately prior to the effectiveness of this Plan, the amount payable pursuant to this Section 2(D) shall instead be paid on a monthly basis over the 2-year period following the Severance Date.

(E) **Outplacement Benefits.** Participants who sign and do not revoke the Separation Agreement shall also be entitled to outplacement benefits provided that the cost of such services to the Company will not exceed \$20,000. The Company will provide additional details regarding the scope and parameters of the outplacement benefit in connection with the employee’s separation process. Any such outplacement support must be elected by the employee no later than 60 days after the Severance Date.

(F) **Other Company Benefits.** All other Company benefits for an eligible employee (including medical, retiree medical, dental, vision, flexible spending, 401(k), life insurance,

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disability coverage, paid time off accrual, unreimbursed business expenses, etc.) will cease in accordance with the documents governing such benefits, subject to continuation or conversion rights, where applicable. All pay and other benefits (except Plan benefits) under any such plan, policy or arrangement of the Company that are payable on account of the employee's termination will be paid according to the terms of those established policies, plans and arrangements, as well as in compliance with applicable law.

### **SECTION 3. TERMINATION OF EMPLOYMENT.**

(a) **Death or Disability.** Executive's employment shall terminate automatically upon Executive's death during the Change in Control Employment Period. If the Company determines in good faith that the Disability of Executive has occurred during the Change in Control Employment Period, it may give to Executive written notice of its intention to terminate Executive's employment. In such event, Executive's employment with the Company shall terminate as of the 30<sup>th</sup> day after Executive's receipt of such notice; provided that, within the 30 days after such receipt, Executive shall not have returned to full-time performance of their duties.

(b) **For Cause or Without Cause.** The Company may terminate Executive's employment during the Change in Control Employment Period for Cause or Without Cause.

(c) **For Good Reason or Without Good Reason.** Executive may terminate their employment at any time during the Change in Control Employment Period for Good Reason or without Good Reason.

(d) **Notice of Termination.** Any termination of Executive's employment by the Company or by Executive during the Change in Control Employment Period shall be communicated by Notice of Termination to the other party hereto. "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Plan relied upon, and (ii) if the Date of Termination is other than the date of receipt of such notice, specifies the Date of Termination (which date shall be not more than 15 days after the giving of such notice). The failure by Executive to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason shall not waive any right of Executive thereunder or preclude Executive from asserting such fact or circumstance in enforcing Executive's rights thereunder.

If, during the Change in Control Employment Period, Executive's employment is terminated by the Company for Cause or by reason of Executive's death or Disability, or if employment is terminated by Executive other than for Good Reason, the Company shall pay to Executive in cash a lump sum amount equal to all earned but unpaid salary and all earned but unused Paid Time Off within no more than 14 days after the date of termination. To the extent that Executive is owed any other accrued obligations such as incentive bonus payments, the Company shall pay such amounts in a timely manner consistent with the terms and conditions applicable to such payments.

### **SECTION 4. PLAN ADMINISTRATION.**

A. The Plan Administrator shall administer the Plan and shall have the full, discretionary authority to: (a) construe and interpret the Plan, (b) adopt amendments to the Plan

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that are necessary or desirable to bring the Plan in compliance with all applicable laws and regulations, (c) prescribe, amend and rescind rules and regulations necessary or desirable for the proper and effective administration of the Plan, (d) prescribe, amend, modify and waive the various forms and documents to be used in connection with the operation of the Plan and the times for giving any notice required by the Plan, and (e) make all other determinations necessary or advisable for the administration of the Plan, subject to a Plan Participant's right to challenge any determination (including without limitation a denial or partial denial of any claim for benefits) under Section 6.15 below.

4.1 The Plan Administrator may delegate any of its duties under the Plan from time to time, other than as relates to Plan Participants who are subject to Section 16 of the Exchange Act.

4.2 The Plan Administrator is empowered, on behalf of the Plan, to engage accountants, legal counsel and other personnel as it deems necessary or advisable to assist it in the performance of its duties under the Plan. All reasonable expenses for advisors shall be borne by the Employer.

4.3 The Plan Administrator shall promptly provide the Separation Agreement to a Plan Participant who becomes eligible for any payment under Section 2 and shall require an executed Separation Agreement to be returned to the Plan Administrator. If the Plan Participant does not execute and return the Separation Agreement to the Plan Administrator and the Separation Agreement does not become effective prior to the end of the Release Period, such Plan Participant will not be entitled to any payments or benefits under the Plan.

## **SECTION 5. PLAN MODIFICATION OR TERMINATION.**

The Plan may be amended or terminated by the Board of Directors of the Company at any time; provided, however, that any termination of the Plan or material modification of the Plan shall be void and of no force and effect if the action is taken during the period commencing twelve months prior to, and ending twelve months following, a Change in Control, or during the period commencing twelve months prior to a Potential Change in Control and ending on the date that is the end of the Potential Change in Control Period.

## **SECTION 6. GENERAL PROVISIONS.**

**280G Provision.** If any Plan Participant who, taking into account the benefits provided under the Plan and all other payments that would be deemed to be "parachute payments" within the meaning of Code Section 280G (collectively, the "*280G Payments*"), would be subject to the excise tax imposed under Code Section 4999, their benefits under the Plan shall be reduced to an amount that would result in no portion of the payments being subject to the excise tax; provided, however, that the reduction shall not be made if it would result in a smaller aggregate after-tax payment to the Plan Participant than receiving the full benefits under the Plan and paying all taxes thereon. Unless the Company and the Plan Participant otherwise agree in writing, all determinations required to be made under this Section 6.2 of the Plan shall be made in good faith by the accounting firm serving as the Company's independent public accountants immediately prior to the Change in Control (the "*Accountants*"). The Company shall bear the costs the Accountants may reasonably incur in connection with preparing these calculations.

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Any reduction shall be made in the following manner: first, a reduction of cash payments, and second, a cancellation of equity-based compensation.

6.1 **No Assignment of Benefits.** Except as otherwise provided herein or by law, no right or interest of any Plan Participant under the Plan shall be assignable or transferable and no attempted assignment or transfer shall be effective. When a payment is due under this Plan to a Plan Participant who is unable to care for their affairs, payment may be made directly to their guardian or personal representative.

6.2 **No Right to Employment or Continued Service.** The Plan shall not be construed as giving any Plan Participant, or any person, the right to be retained in the service of the Employer. Except as may be provided under any other agreement between Executive and the Company, the employment of Executive by the Company is at will and all Plan Participants remain subject to discharge at any time and for any reason.

6.3 **Notice Period.** If the Company is obligated by law, contract, policy or otherwise to pay severance, a termination indemnity, notice pay, or the like, or if the Company is obligated by law to provide advance notice of separation ("*Notice Period*"), then any Severance Payment hereunder shall be reduced by the amount of any severance pay, termination indemnity, notice pay or the like, as applicable, and by the amount of any compensation received during any Notice Period.

6.4 **No Duty to Mitigate.** A Plan Participant shall not be required to mitigate the amount of any payment provided for in this Plan by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Plan be reduced by any compensation earned by a Plan Participant as a result of employment by another employer.

6.5 **Withholding.** The Plan is intended to satisfy the requirements of Code Section 409A, or to comply with an exemption under Code Section 409A. The Plan shall, to the extent possible, be administered to prevent the adverse tax consequences described in Code Section 409A(a)(1) from applying to any payment made under the Plan. Each payment made pursuant to the Plan shall be treated as a separate payment and the right to a series of installment payments pursuant to the Plan is to be treated as a right to a series of separate payments. Notwithstanding anything to the contrary in this Plan, if a Plan Participant is deemed on the date of termination to be a "specified employee" within the meaning of that term under Code Section 409A(a)(2)(B), then with regard to any payment or the provision of any benefit that is considered deferred compensation under Code Section 409A payable on account of a "separation from service," such payment or benefit shall not be made or provided until the date which is the earlier of (A) the expiration of the six (6)-month period measured from the date of such "separation from service" of the Plan Participant, and (B) the date of the Plan Participant's death, to the extent required under Code Section 409A.

If a Change in Control does not constitute a "change in control event" as defined in Code Section 409A and the benefit payable hereunder acts as a substitute for any other benefits the Plan Participant would otherwise have been entitled to receive by reason of the Severance, then, to the extent required by Code Section 409A, such benefits shall be paid at the same time and in the same form as the benefits for which they act as a substitute.

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The Company shall withhold all applicable income and employment taxes and other authorized deductions from the payments made under the Plan. Notwithstanding any other provision of this Plan, the Company shall not be obligated to guarantee any particular tax result for a Plan Participant with respect to any payment or benefit provided under this Plan, and the Plan Participant shall be responsible for any and all taxes imposed such Plan Participant pursuant to this Plan.

**6.6 Intentionally Omitted.**

**6.7 Successors.** This Plan shall be binding on the heirs, executors, administrators, successors and assigns of the parties, including any successor to the Company. If a Plan Participant dies while any amount is still payable to the Participant under the Plan, any remaining amounts shall be paid to the executor, personal representative or administrators of the Plan Participant's estate.

**6.8 Severability.** If any provision of this Plan is held invalid or unenforceable, it shall not affect any other provisions, and this Plan shall be construed and enforced as if those provisions had not been included.

**6.9 Plan is Unfunded.** The Plan shall not be funded. All payments under the Plan shall be made from the general assets of the Company. Each Plan Participant shall only be a general unsecured creditor of the Company.

**6.10 Notice.** Any notice under this Plan shall be in writing and shall be given when delivered or mailed by registered or certified mail, return receipt requested, postage prepaid, addressed to the intended recipient at their last known address. A written notice of a Plan Participant's Severance Date by the Company or the Plan Participant, as the case may be, to the other shall: (a) indicate the specific termination provision of the Plan that is being relied upon; (b) to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Plan Participant's employment; and (c) specify the termination date.

**6.11 No Right to Other Benefits.** Nothing in the Plan shall require the Employer to provide any payment that duplicates any payment, benefit, or grant that a Plan Participant is entitled to receive under any arrangement. Any severance benefit provided under any Company compensation or benefit plan, agreement, or other arrangement, including without limitation the W.W. Grainger, Inc. Executive Severance Plan, shall offset, on a dollar-for-dollar basis, any benefits owed under this Plan. The amounts paid or provided under the Plan shall not be treated as compensation for purposes of determining any benefits payable under any retirement, life insurance, or other employee benefit plan, unless otherwise required by the terms of the plan or local law.

**6.12 Plan Conflicts/Integration.** Except to the extent explicitly provided in this Plan, any awards made under any compensation or benefit plan or program shall be governed by the terms of that plan or program and any applicable award agreement thereunder. The Plan, as amended from time to time, constitutes the entire agreement between the Company and any Plan Participant concerning the severance benefits payable to Plan Participants upon a change in control, and supersedes all related plans, agreements and understandings except as otherwise stated in this Plan.

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6.13 **Governing Law.** If an employee or former employee of the Company brings a cause of action under the Plan, the laws of the state of Illinois shall apply (without giving effect to its provisions on the conflict of laws or choice of law provisions), except where ERISA preempts such laws. Any and all legal actions initiated to enforce any right or obligation arising out of or relating to the Plan, or concerning the subject matter hereof, shall be brought in and determined in federal court in the United States District Court of the Northern District of Illinois, or if federal jurisdiction does not exist, in state court in Lake County, Illinois, to the fullest extent permitted by law.

6.14 **ERISA.** The Plan is intended to provide severance benefits to Company executives who are a select group of management or highly compensated employees (within the meaning of ERISA), in the event of certain involuntary terminations of employment. The Plan is intended to be a top hat welfare benefit plan under ERISA.

6.15 **Claim Review Process.** In the event of a claim for benefits, the Plan Participant shall present their claim in writing to the Plan Administrator as set forth in this Section 6. The Plan Administrator has the exclusive right to determine eligibility for benefits under the Plan and to deny or grant a claim, in whole or in part. The Plan Administrator's decision on a claim for benefits is final and binding on all persons. Any claim by a Plan Participant (or their duly authorized legal representative) must identify itself as a claim for benefits under the Plan and must be submitted in writing to the Plan Administrator (i.e., the Compensation Committee of the Board, c/o Vice President, Total Rewards – Grainger, 100 Grainger Parkway, Lake Forest, IL 60045) no later than six months following the Plan Participant's termination date. The Plan Administrator shall, within 90 days after receipt of the written claim (unless special circumstances require an extension of time, in which case, written notice of such extension (not to exceed 90 days from the end of the initial 90-day period) shall be furnished to the Plan Participant prior to the termination of the initial 90-day period and shall indicate the special circumstances requiring an extension of time and the date by which the Plan Administrator expects to render the benefit determination), send a written notification to the Plan Participant as to the Plan Administrator's determination of the claim. In the event the claim is wholly or partially denied, the written notification shall: (a) state the specific reason or reasons for the denial, (b) make specific reference to any Plan provisions on which the denial is based, (c) provide a description of any additional material or information necessary for the Plan Participant to perfect the claim and an explanation of why the material or information is necessary, (d) provide a description of the Plan's appeals procedure specified in this Section 6.15, including the time limits applicable to such appeal procedure, and (e) include a statement of the claimant's right to bring an action under Section 502(a) of ERISA. In the event a Plan Participant wishes to perfect the claim and/or appeal the denial or partial denial of their claim, the Plan Participant (or their duly authorized legal representative) must request a review of the Plan Administrator's initial determination by making application in writing to the Plan Administrator within 60 days after receipt of such denial. The Plan Participant (or their duly authorized legal representative), upon written request to the Plan Administrator, shall be provided, free of charge, reasonable access to, and copies of, all documents, records and other information relevant to their claim for benefits and shall have the opportunity to submit written comments, documents, records and other information relating to their claim for benefits (which shall be taken into account by the Plan Administrator, without regard to whether such information was submitted or considered in the initial benefit determination). Within 60 days after receipt of a written appeal (unless special circumstances require an extension of time, in

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which case, written notice of the extension (not to exceed 60 days from the end of the initial 60-day period) shall be furnished to the Plan Participant prior to the termination of the initial 60-day period and shall indicate the special circumstances requiring an extension of time and the date by which the Plan Administrator expects to render the determination on review), the Plan Administrator shall notify the Plan Participant of the final decision. The final decision shall be in writing and in the case of an adverse benefit determination shall include: (w) specific reasons for the decision, written in a manner calculated to be understood by the claimant, (x) specific references to the Plan provisions on which the decision is based, (y) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents relevant to the claim for benefits, and (z) a statement describing the claimant's right to bring an action under Section 502(a) of ERISA. No legal action for benefits under the Plan may be brought in any forum unless and until the Plan Participant has brought a claim for benefits under the Plan and exhausted the remedies set forth in this Section 6.15. Any such action must be brought within 180 days from the date of the Plan Administrator's decision of the appeal. Notwithstanding the foregoing, if the Plan Administrator does not respond to the Plan Participant's claim or appeal within the relevant time periods set forth above, the Plan Participant's claim or appeal, as applicable, shall be deemed to be denied.

Pursuant to this Plan, the Company shall promptly reimburse the Plan Participant for all reasonable expenses, including without limitation all attorneys' fees, incurred by the Plan Participant in successfully enforcing any of the Plan Participant's rights under this Plan or in successfully obtaining any of the Plan Participant's benefits under this Plan.

If the Plan Participant does not prevail (after exhaustion of all available judicial remedies), and the Company establishes before a court of competent jurisdiction that Plan Participant had no reasonable basis for bringing an action hereunder and acted in bad faith in doing so, no reimbursement for legal fees and expenses shall be due to Plan Participant and Plan Participant shall refund any amounts previously reimbursed hereunder with respect to such action.

6.16 **Full Settlement.** The Company's obligation to make the payments provided for in this Plan and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including set-off, counterclaim, recoupment, defense or other claim, right or action that the Company may have against the Plan Participant or others.

## SECTION 7. DEFINITIONS.

**"Accrued Base Salary"** means the amount of the Plan Participant's Annual Base Salary which has been earned but not yet paid as of the Severance Date.

**"Accrued Annual Bonus"** means the amount of any annual bonus earned but not yet paid to the Plan Participant with respect to each fiscal year of the Company completed prior to the Severance Date.

**"Affiliate"** shall have the meaning set forth in Rule 12b-2 under Section 12 of the Exchange Act.

**"Annual Base Salary"** is the amount equal to 12 times the highest monthly base salary (unreduced by any salary reductions or deferrals pursuant to a plan maintained under Section 401(k) of the Code or any similar plan) paid or payable to the Executive during the 12-month

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period immediately preceding the month in which the effective date of a Change in Control occurs.

“**Beneficial Owner**” shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

“**Board**” means the Board of Directors of the Company.

“**Cause**” means the occurrence of any one or more of the following actions or failures to act as determined by the Board of Directors of the Company in its reasonable judgment and in good faith:

(i) embezzlement, fraud, or theft with respect to the property of the Company, or a conviction for any felony involving moral turpitude or causing material harm, financial or otherwise, to the Company (including an Affiliate or Subsidiary);

(ii) habitual neglect in the performance of Participant’s significant duties (other than on account of incapacity due to physical or mental illness or Disability);

(iii) a demonstrably deliberate act or failure to act, including a violation of the rules or policies of the Company, which causes a material financial or other loss, damage or injury to the property, reputation or employees of the Company (including an Affiliate or Subsidiary); provided, however, that, unless such an act or a failure to act was done by Participant in bad faith or without a reasonable belief that Participant’s act or failure to act, as the case may be, was in the best interest of the Company or was required by applicable law, such act or failure to act shall not constitute Cause if, within 20 days after the Board or the Chief Executive Officer of the Company gives Participant written notice of such act or failure to act that specifically refers to this section, Participant cures such act or failure to act to the fullest extent that it is curable; or

(iv) to the extent permitted by applicable law, engagement by the Participant, directly or indirectly, for the benefit of the Participant or others, in any outside activity, employment or business which is competitive with the Company or an Affiliate or a Subsidiary that employs the Participant.

Cause shall not mean (x) bad judgment or negligence other than habitual neglect of significant duties or (y) any act or omission in respect of which the Board could have properly determined that Participant met the applicable standard of conduct for the indemnification or reimbursement under the by-laws of the Company or applicable law, in each case as in effect at the time of such act or omission. In addition, a termination of Participant’s employment shall not be deemed to be for Cause unless each of the following conditions is satisfied:

- A. The Company provides Participant a written notice (a “Notice of Intent to Terminate”) not less than 30 days prior to the Severance Date setting forth the Company’s intention to consider terminating Participant’s employment. Such Notice shall include a statement of the intended Severance Date and a detailed description of the specific facts that the Company believes to constitute Cause.
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- B. No act or omission of Participant shall constitute Cause if such act or omission occurred more than 12 months before the earliest date on which any member of the Board who is not a party to the act or omission knew or in the reasonable exercise of their duties as a director should have known of such act or omission.
- C. Participant is offered an opportunity to respond to such Notice of Intent to Terminate by appearing in person, together with Participant's legal counsel, before the Board on a date specified in the Notice of Intent to Terminate, which date shall be at least 25 days after Participant's receipt of the Notice of Intent to Terminate and, in any event, at least five days prior to the Severance Date proposed in such Notice.
- D. By a vote of the Board that includes the affirmative vote of at least 75% of the Non-Employee Directors, the Board determines that the actions of Participant specified in the Notice of Intent to Terminate constitute Cause and that Participant's employment should accordingly be terminated for Cause.
- E. The Company provides Participant a copy of the Board's written determination setting forth in detail (i) the specific basis for such termination for Cause and (ii) if the Severance Date is other than the date of Participant's receipt of such determination, the Severance Date (which date shall be not more than 15 days after the giving of such notice).

By determination of the Board, the Company may suspend Participant from their duties for a period of up to 30 days with full pay and benefits thereunder during the period of time in which the Board is determining whether to terminate Participant for Cause. Any purported termination for Cause by the Company that does not satisfy each substantive and procedural requirement of this Section 7.8 shall be treated for all purposes under this Plan as a termination by the Company without Cause.

A "**Change in Control**" shall mean any one or more of the following events as the term is defined in the W.W. Grainger, Inc. 2022 Incentive Plan:

- (a) The consummation of:
    - (1) any merger, reorganization or consolidation of the Company or any Affiliate with or into any corporation or other Person if Persons who were the beneficial owners (as such term is used in Rule 13d-3 under the Exchange Act) of the Company's common stock and securities of the Company entitled to vote generally in the election of directors ("Voting Securities") immediately before such merger, reorganization or consolidation are not, immediately thereafter, the beneficially owners, directly or indirectly, of at least 60% of the then-outstanding common shares and the combined voting power of the then- outstanding Voting Securities ("Voting Power") of the corporation or other Person surviving or resulting from such merger, reorganization or consolidation (or the parent
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corporation thereof) in substantially the same respective proportions as their beneficial ownership, immediately before the consummation of such merger, reorganization or consolidation, of the then-outstanding common stock and Voting Power of the Company; or

- (2) the sale or other disposition of all or substantially all of the consolidated assets of the Company, other than a sale or other disposition by the Company of all or substantially all of its consolidated assets to an entity of which at least 60% of the common shares and the Voting Power outstanding immediately after such sale or other disposition are then beneficially owned (as such term is used in Rule 13d-3 under the Exchange Act) by shareholders of the Company in substantially the same respective proportions as their beneficial ownership of common stock and Voting Power of the Company immediately before the consummation of such sale or other disposition; or

(b) approval by the shareholders of the Company of a liquidation or dissolution of the Company;

or

(c) the following individuals cease for any reason to constitute a majority of the Directors of the Company then serving: individuals who, on the Effective Date of this Plan, constitute the Board and any subsequently-appointed or elected Director of the Company whose appointment or election by the Board or nomination for election by the Company's shareholders was approved or recommended by a vote of at least two-thirds of the Company's Directors then in office whose appointment, election or nomination for election was previously so approved or recommended or who were directors on the Effective Date of this Plan; or

(d) the acquisition or holding by any person, entity or "group" (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act), other than by any Exempt Person, the Company, any Affiliate, any employee benefit plan of the Company or a Affiliate, of beneficial ownership (as such term is used in Rule 13d-3 under the Exchange Act) of 20% or more of either the Company's then-outstanding common stock or Voting Power; provided that:

- (1) no such person, entity or group shall be deemed to own beneficially any securities held by the Company or an Affiliate or any employee benefit plan (or any related trust) of the Company or an Affiliate;
  - (2) no Change in Control shall be deemed to have occurred solely by reason of any such acquisition if both (x) after giving effect to acquisition, such person, entity or group has beneficial ownership of less than 30% of the then-outstanding common stock and Voting Power of the Company and (y) prior to such acquisition, at least two-thirds of the directors described in paragraph (c) of this definition vote to adopt a resolution of the Board to the specific effect that such acquisition shall not be deemed a Change in Control; and
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- (3) no Change in Control shall be deemed to have occurred solely by reason any such acquisition or holding in connection with any merger, reorganization or consolidation of the Company or any Affiliate which is not a Change in Control within the meaning of paragraph (a)(i) of this definition.

Notwithstanding the occurrence of any of the foregoing events, no Change in Control shall occur with respect to a Participant if (i) the event which otherwise would be a Change in Control (or the transaction which resulted in such event) was initiated by Participant or was discussed by Participant with any third party, in either case without the approval of the Board with respect to Participant's initiation or discussion, as applicable, or (ii) Participant is, by written agreement, a participant on their own behalf in a transaction in which the persons (or their affiliates) with whom Participant has the written agreement cause the Change in Control to occur and, pursuant to the written agreement, Participant has an equity interest (or a right to acquire such equity interest) in the resulting entity.

**"Change in Control Employment Period" (or "Employment Period")** means the period commencing on the effective date of a Change in Control and ending on the second anniversary of such date (i.e., ending twenty-four months after the Change in Control).

**"Change in Control Severance Termination"** means during the period ending twenty-four months after the Change in Control, a termination of a Plan Participant's employment with the Employer: (A) by the Employer without Cause, or (B) by the Plan Participant for Good Reason, which termination is made in connection with the Change in Control, as determined by the Plan Administrator in its sole discretion, provided that if and to the extent required by Code Section 409A, such employment termination meets the criteria for a "separation from service" as defined in Treas. Reg. § 1.409A-1(h). Termination of a Plan Participant's employment on account of death or Disability, declination of a comparable position, or a voluntary resignation or retirement by the Plan Participant, shall not be treated as a Change In Control Severance Termination.

**"Code"** means the Internal Revenue Code of 1986, as amended from time to time.

**"Company"** means W.W. Grainger, Inc., an Illinois corporation.

**"Disability"** means a long-term disability under the terms of the Employer's long-term disability plan, as then in effect.

**"Effective Date"** means December 31, 2025 or, if later, the first date on which this Change in Control Severance Plan applies to a Plan Participant.

**"Employer"** means the Company or any of its Affiliates that is the employer of a Plan Participant.

**"Equity Award"** means stock options, restricted stock, restricted stock units, stock appreciation rights and other similar equity-based awards, in each case whether settled in stock, cash or otherwise, which are granted to a Plan Participant under the Company's Long Term Incentive Plan and any other equity-based incentive plan or award adopted or assumed by the Company.

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“**ERISA**” means the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended from time to time.

“**Exempt Person**” means any one or more of the following:

(i) any descendant of W.W. Grainger, or any spouse, widow or widower of W.W. Grainger or any such descendant (any such descendants, spouses, widows and widowers collectively defined as the “Grainger Family Members”);

(ii) any descendant of E.O. Slavik, or any spouse, widow or widower of E.O. Slavik or any such descendant (any such descendants, spouses, widows and widowers collectively defined as the “Slavik Family Members” and with the Grainger Family Members collectively defined as the “Family Members”);

(iii) any trust which is in existence on December 31, 2025 and which has been established by one or more Grainger Family Members, any estate of a Grainger Family Member who died on or before December 31, 2025, and The Grainger Foundation (such trusts, estates and named entity collectively defined as the “Grainger Family Entities”);

(iv) any trust which is in existence on the date of this Agreement and which has been established by one or more Slavik Family Members, any estate of a Slavik Family Member who died on or before the date of this Agreement, Mark IV Capital, Inc. and The Donald J. Slavik Family Foundation (such trusts, estates and named entities collectively defined as the “Slavik Family Entities” and with the Grainger Family Entities collectively defined as the “Existing Family Entities”);

(v) any estate of a Family Member who dies after December 31, 2025 or any trust established after December 31, 2025 by one or more Family Members or Existing Family Entities; provided that one or more Family Members, Existing Family Entities or charitable organizations which qualify as exempt organizations under Section 501(c) of the Code (“Charitable Organizations”), collectively are the beneficiaries of at least 50% of the actuarially-determined beneficial interests in such estate or trust;

(vi) any Charitable Organization which is established by one or more Family Members or Existing Family Entities (a “Family Charitable Organization”);

(vii) any corporation of which a majority of the voting power and a majority of the equity interest is held, directly or indirectly, by or for the benefit of one or more Family Members, Existing Family Entities, estates or trusts described in clause (e) above, or Family Charitable Organizations; or

(viii) any partnership or other entity or arrangement of which a majority of the voting interest and a majority of the economic interest is held, directly or indirectly, by or for the benefit of one or more Family Members, Existing Family Entities, estates or trusts described in clause (e) above, or Family Charitable Organizations.

“**Good Reason**” means any one or more of the following

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(i) the diminution in any material respect of the Participant's authority, duties or responsibilities from those in effect with Participant's position immediately prior to the Change in Control, or any other action by the Company which results in a material adverse change in such position, authority, duties or responsibilities, excluding an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by Participant (it being understood that, without limiting the generality of the foregoing, if a substantial portion of Participant's duties prior to the Change in Control related to the Company's status as a public company and such activities no longer constitute a substantial portion of Participant's duties during the Change in Control Employment Period, then Participant shall be deemed to have "Good Reason");

(ii) any reduction by the Company in the base salary, annual bonus opportunity or long-term incentive opportunity provided to the Participant under Section 2(b), or any material reduction by the Company in the aggregate benefits (other than base salary, annual bonus opportunity or long-term incentive opportunity) provided to the Participant under such section;

(iii) any requirement that Participant be based at any office or location other than the location where the Participant was based or employed immediately preceding the effective date of a Change in Control or any office or location less than 50 miles from such location, unless such requirement results in reducing the length of Executive's work commute;

(iv) any purported termination by the Company of Participant's employment otherwise than as expressly permitted by this Plan (it being understood that any such purported termination shall not be effective for any other purpose of this Plan).

**"Non-Employee Director"** means a director of the Company who is not an employee of (i) the Company, (ii) any Affiliate or (iii) any Person who beneficially owns more than 30% of the common stock then outstanding.

**"Participation Agreement"** shall mean a participation letter or agreement in substantially the form attached hereto as Appendix I.

**"Person"** shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include: (a) the Company or any of its Affiliates; (b) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries; (c) an underwriter temporarily holding securities pursuant to an offering of such securities; or (d) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

**"Plan"** means this W.W. Grainger, Inc. Executive Change in Control Severance Plan, as amended from time to time.

**"Plan Administrator"** means the Compensation Committee of the Board.

**"Plan Participant"** means an Executive holding any of the following titles: Chief Executive Officer or Senior Vice President or is otherwise designated to be a participant by the Plan

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Administrator in writing, as set forth in Schedule A, that has signed the Change in Control Participation Agreement, and that has experienced a Change in Control Severance Termination as described in this Plan.

A “**Potential Change in Control**” shall be deemed to have occurred if the Company enters into a transaction agreement, the consummation of which transaction would result in the occurrence of a Change in Control.

“**Potential Change in Control Period**” means the period of time beginning on the date of a Potential Change in Control and ending on either the date that such Change in Control occurs, or the date of termination of the agreement that constituted the Potential Change in Control.

“**Separation Agreement**” means a written separation agreement, waiver, and release agreement prepared by the Company in a format as amended from time to time in the Company’s sole discretion, which includes, but is not limited to: (i) a waiver and release of all claims against the Company, its affiliates, and their respective officers and directors, including claims arising out of the Plan Participant’s employment and the termination of employment; (ii) confidentiality, and further cooperation provisions; and (iii) restrictive covenants, including non-competition, non-solicitation, and non-disparagement provisions.

“**Severance Date**” means the date on which a Plan Participant’s employment by the Employer terminates due to a Change in Control occurring on or after the Applicable Date as specified in a prior written notice by the Company or the Plan Participant, as the case may be.

“**Severance Payment**” means the cash severance payment determined pursuant to Section 2(A).

“**Target Bonus**” means the amount of the annual bonus which Plan Participant was, as of the Severance Date, eligible to receive with respect to the fiscal year of the Severance Date, assuming for purposes of this paragraph (i) that target-level performance had been achieved for such fiscal year, (ii) that Plan Participant’s employment would have continued until the first date on which such annual bonus would have been payable, and (iii) if the amount of such annual bonus that Plan Participant was eligible to receive was reduced after the effective date of a Change in Control (whether or not such reduction qualified as Good Reason), that such reduction had not occurred.

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## **SCHEDULE A**

### **PLAN PARTICIPANTS**

- Chairman & Chief Executive Officer
  - Senior Vice President, Chief Financial Officer
  - Senior Vice President, Grainger Business Unit
  - Senior Vice President, Chief Legal Officer
  - Senior Vice President, Chief Human Resources Officer
  - Senior Vice President, Chief Technology Officer
  - Senior Vice President, Chief Product Officer
  - Senior Vice President, Merchandising and Supplier Manager
  - Senior Vice President, Branch and DC Operations
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**APPENDIX I  
PARTICIPATION AGREEMENT**

[Date]

[Name]

Re: Participation in W.W. Grainger, Inc. Executive Change In Control Severance Plan

Dear [Name]:

The purpose of this letter is to inform you that you have been designated by W.W. Grainger, Inc. (the "*Company*" and together with its subsidiaries and affiliates, "*Grainger*"), as an eligible participant in the Company's Executive Change In Control Severance Plan, a copy of which is enclosed herewith (as in effect from time to time, the "*Plan*"). Capitalized terms used in this letter but not otherwise defined herein have the meanings given to those terms in the Plan.

Designation as an employee of Grainger that can be an eligible participant is premised in part upon commitments separately made by you to the Company concerning the Company's competitors, the protection of the Company's confidential information, and the non-solicitation of the Company's customers and employees, including, but not limited to, the terms of the Grainger Confidentiality, Invention Assignment, Non-Competition and Non-Solicitation Agreement.

Subject to the terms and conditions of the Plan, if you experience a Change in Control Severance Termination, Grainger will provide you the applicable severance benefits described in the Plan.

By accepting your participation in this Plan, as evidenced by your signature to this letter agreement below, you acknowledge and agree that the severance benefits you are eligible for under the Plan supersede and replace in the entirety any severance benefits related to a Change in Control you otherwise may have been eligible to receive from Grainger pursuant to any prior written agreement or oral arrangement, including, without limitation, pursuant to any Change In Control Employment Agreement you have entered into with Grainger, or any other employment agreement you have entered into with Grainger.

You further acknowledge and agree that your continued participation in the Plan is not guaranteed and you shall be eligible to receive severance benefits as a Participant under the Plan solely to the extent that you continue to be both (i) employed by Grainger in an eligible Executive role in the United States and (ii) designated as a Plan Participant by the Compensation Committee of the Board.

Notwithstanding the foregoing, (a) your participation in the Plan shall not cease solely as a result of a change in position or location that constitutes grounds for a resignation/termination by Plan Participant for Good Reason, in each case, during the Change in Control Employment Period and (b) if you are designated by the Compensation Committee of the Board as a Participant in the Plan as of immediately prior to the consummation of a Change in Control, the Compensation Committee of the Board (or any successor thereto) may not change such designation following the consummation of such Change in Control.

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If you cease to be a Participant in the Plan, you shall be notified of the termination of your participation in the Plan as soon as reasonably practicable following such change in position, location, or designation, as applicable.

Your participation in the Plan is governed in all respects by the terms and conditions of the Plan, and in the event of any conflict between this letter and the Plan as to such terms and conditions, the Plan will control.

Your participation in the Plan is subject to your adherence to your obligations to Grainger with respect to any confidentiality, non-solicitation, non-competition, invention assignment, or similar agreement (“restrictive covenant agreement”) by and between you and Grainger, including, but not limited to the terms of the Grainger Confidentiality, Invention Assignment, Non-Competition and Non-Solicitation Agreement.

Sincerely,  
W.W. Grainger, Inc.

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[Name], [Title]

I acknowledge and agree that I am accepting participation in the Plan and that the severance benefits provided for under the Plan shall supersede and replace in its entirety any other severance benefits related to a Change in Control that I may be eligible to receive from Grainger.

I further acknowledge and agree that my participation in the Plan is governed in all respects by the terms and conditions of the Plan, and that my participation is subject to my adherence to the terms of all Grainger restrictive covenant obligations applicable to me.

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[Name], [Title]

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[Signature]

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[Date]

## CERTIFICATION

*Exhibit 31.1*

I, D.G. Macpherson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of W.W. Grainger, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2025

By:                   /s/ D.G. Macpherson                    
Name: D.G. Macpherson  
Title: Chairman and Chief Executive Officer

## CERTIFICATION

*Exhibit 31.2*

I, Deidra C. Merriwether, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of W.W. Grainger, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2025

By: /s/ Deidra C. Merriwether  
Name: Deidra C. Merriwether  
Title: Senior Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of W.W. Grainger, Inc. (“Grainger”) for the quarterly period ended September 30, 2025, (the “Report”), D.G. Macpherson, as Chairman and Chief Executive Officer of Grainger, and Deidra C. Merriwether, as Senior Vice President and Chief Financial Officer of Grainger, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Grainger.

/s/ D.G. Macpherson

D.G. Macpherson  
Chairman and Chief Executive Officer  
October 31, 2025

/s/ Deidra C. Merriwether

Deidra C. Merriwether  
Senior Vice President and Chief Financial Officer  
October 31, 2025