

REFINITIV

DELTA REPORT

10-Q

GWW - W.W. GRAINGER, INC.
10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1521
CHANGES	87
DELETIONS	1278
ADDITIONS	156

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 **March 31, 2024** **June 30, 2024**
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)

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

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

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on Which Registered</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 **49,068,805** **48,825,703** shares of the Company's Common Stock outstanding as of **April 18, 2024** **July 25, 2024**.

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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)

[illegible]

Selling, general and administrative expenses
Operating earnings
Operating earnings
Operating earnings
Other expense (income):
Other expense (income):
Other expense (income):
Interest expense – net
Interest expense – net
Interest expense – net
Other – net
Other – net
Other – net
Total other expense – net
Total other expense – net
Total other expense – net
Earnings before income taxes
Earnings before income taxes
Earnings before income taxes
Income tax provision
Income tax provision
Income tax provision
Net earnings
Net earnings
Net earnings
Less net earnings attributable to noncontrolling interest
Less net earnings attributable to noncontrolling interest
Less net earnings attributable to noncontrolling interest
Net earnings attributable to W.W. Grainger, Inc.
Net earnings attributable to W.W. Grainger, Inc.
Net earnings attributable to W.W. Grainger, Inc.
Earnings per share:
Earnings per share:
Earnings per share:
Basic
Basic
Basic
Diluted
Diluted
Diluted
Weighted average number of shares outstanding:
Weighted average number of shares outstanding:
Weighted average number of shares outstanding:
Basic
Basic
Basic
Diluted
Diluted
Diluted

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		Six Months Ended	
	March 31,		June 30,	
	March 31,		2024	2023
	March 31,		2024	2023
	March 31,			
Net earnings				
Net earnings				
Net earnings				
Other comprehensive earnings (losses):				
Other comprehensive earnings (losses):				
Other comprehensive earnings (losses):				
Foreign currency translation adjustments – net of reclassification to earnings				
Foreign currency translation adjustments – net of reclassification to earnings				
Foreign currency translation adjustments – net of reclassification to earnings				
Postretirement benefit plan losses and other – net of tax benefit of \$1 and \$1, respectively				
Postretirement benefit plan losses and other – net of tax benefits of \$1, \$1, \$2, and \$2, respectively				
Postretirement benefit plan losses and other – net of tax benefits of \$1, \$1, \$2, and \$2, respectively				
Postretirement benefit plan losses and other – net of tax benefit of \$1 and \$1, respectively				
Postretirement benefit plan losses and other – net of tax benefit of \$1 and \$1, respectively				
Postretirement benefit plan losses and other – net of tax benefits of \$1, \$1, \$2, and \$2, respectively				
Total other comprehensive earnings (losses)				
Total other comprehensive earnings (losses)				
Total other comprehensive earnings (losses)				
Comprehensive earnings – net of tax				
Comprehensive earnings – net of tax				
Comprehensive earnings – net of tax				
Less comprehensive earnings (losses) attributable to noncontrolling interest				
Less comprehensive earnings (losses) attributable to noncontrolling interest				
Less comprehensive earnings (losses) attributable to noncontrolling interest				
Net earnings				
Net earnings				
Net earnings				
Foreign currency translation adjustments				
Foreign currency translation adjustments				
Foreign currency translation adjustments				
Total comprehensive earnings (losses) attributable to noncontrolling interest				
Total comprehensive earnings (losses) attributable to noncontrolling interest				
Total comprehensive earnings (losses) attributable to noncontrolling interest				
Comprehensive earnings attributable to W.W. Grainger, Inc.				
Comprehensive earnings attributable to W.W. Grainger, Inc.				
Comprehensive earnings attributable to W.W. Grainger, Inc.				

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)

As of

<u>Assets</u>	<u>Assets</u>	(Unaudited) March 31, 2024	December 31, 2023	<u>Assets</u>	(Unaudited) June 30, 2024	December 31, 2023
Current assets	Current assets			Current assets		
Cash and cash equivalents						
Accounts receivable (less allowances for credit losses of \$36 and \$35, respectively)						
Accounts receivable (less allowances for credit losses of \$37 and \$35, respectively)						
Inventories – net						
Prepaid expenses and other current assets						
Total current assets						
Total current assets						
Total current assets						
Property, buildings and equipment – net						
Goodwill						
Goodwill						
Goodwill						
Intangibles – net						
Operating lease right-of-use						
Other assets						
Total assets						
<u>Liabilities and shareholders' equity.</u>						
<u>Liabilities and shareholders' equity.</u>						
<u>Liabilities and shareholders' equity.</u>						
Current liabilities						
Current liabilities						
Current liabilities						
Current maturities						
Current maturities						
Current maturities						
Trade accounts payable						
Accrued compensation and benefits						
Operating lease liability						
Operating lease liability						
Operating lease liability						
Accrued expenses						
Income taxes payable						
Total current liabilities						
Long-term debt						
Long-term operating lease liability						
Deferred income taxes and tax uncertainties						
Other non-current liabilities						
Shareholders' equity						
Cumulative preferred stock – \$5 par value – 12,000,000 shares authorized; none issued or outstanding						
Cumulative preferred stock – \$5 par value – 12,000,000 shares authorized; none issued or outstanding						
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						
Additional contributed capital						

Retained earnings
Accumulated other comprehensive losses
Treasury stock, at cost – 60,582,972 and 60,341,817 shares, respectively
Treasury stock, at cost – 60,777,600 and 60,341,817 shares, respectively
Total W.W. Grainger, Inc. shareholders' equity
Noncontrolling interest
Total shareholders' equity
Total liabilities and shareholders' equity

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)

	Three Months Ended	Three Months Ended	Three Months Ended	
	Three Months Ended	Three Months Ended	Three Months Ended	
	Three Months Ended	Three Months Ended	Three Months Ended	
	Six Months Ended	Six Months Ended	Six Months Ended	
	Six Months Ended	Six Months Ended	Six Months Ended	
	Six Months Ended	Six Months Ended	Six Months Ended	
	March 31,		June 30,	
	2024	2023	2024	2023
Cash flows from operating activities:	Cash flows from operating activities:	Cash flows from operating activities:	Cash flows from operating activities:	
Net earnings				
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Provision for credit losses				
Provision for credit losses				
Provision for credit losses				
Deferred income taxes and tax uncertainties				
Depreciation and amortization				
Non-cash lease expense				
Stock-based compensation				
Stock-based compensation				
Stock-based compensation				
Change in operating assets and liabilities:				
Change in operating assets and liabilities:				
Change in operating assets and liabilities:				
Accounts receivable				
Inventories				
Prepaid expenses and other assets				
Trade accounts payable				
Operating lease liabilities				
Accrued liabilities				
Income taxes – net				
Other non-current liabilities				
Net cash provided by operating activities				

Net cash provided by operating activities			
Net cash provided by operating activities			
Cash flows from investing activities:	Cash flows from investing activities:	Cash flows from investing activities:	
Capital expenditures			
Proceeds from sale of assets			
Other – net			
Net cash used in investing activities			
Net cash used in investing activities			
Net cash used in investing activities			
Cash flows from financing activities:	Cash flows from financing activities:	Cash flows from financing activities:	
Proceeds from debt			
Proceeds from debt			
Proceeds from debt			
Payments of debt			
Proceeds from stock options exercised			
Payments for employee taxes withheld from stock awards			
Purchases of treasury stock			
Cash dividends paid			
Other – net			
Net cash used in financing activities			
Exchange rate effect on cash and cash equivalents			
Net change in cash and cash equivalents			
Cash and cash equivalents at beginning of year			
Cash and cash equivalents at end of period			

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	Common Stock	Additional Contributed Capital	Retained Earnings	Accumulated Other Comprehensive Earnings (Losses)	Treasury Stock	Noncontrolling Interest	Total	Common Stock	Additional Contributed Capital	Retained Earnings	Accumulated Other Comprehensive Earnings (Losses)	Treasury Stock	Noncontrolling Interest	Total
Balance at January 1, 2023															
Stock-based compensation															
Purchases of treasury stock															
Net earnings															
Other comprehensive earnings (losses)															
Cash dividends paid (\$1.72 per share)															
Cash dividends paid (\$1.72 per share)															
Cash dividends paid (\$1.72 per share)															

Balance at March 31, 2023
Stock-based compensation
Purchases of treasury stock
Net earnings
Other comprehensive earnings (losses)
Cash dividends paid (\$1.86 per share)
Cash dividends paid (\$1.86 per share)
Cash dividends paid (\$1.86 per share)
Balance at June 30, 2023

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)

			Accumulated Other Comprehensive Earnings							Accumulated Other Comprehensive Earnings						
	Common Stock	Common Stock	Additional Contributed Capital	Retained Earnings	Earnings (Losses)	Treasury Stock	Noncontrolling Interest	Total	Common Stock	Additional Contributed Capital	Retained Earnings	Earnings (Losses)	Treasury Stock	Noncontrolling Interest	Total	
Balance at January 1, 2024																
Stock-based compensation																
Purchases of treasury stock																
Net earnings																
Other comprehensive earnings (losses)																
Cash dividends paid (\$1.86 per share)																
Cash dividends paid (\$1.86 per share)																
Cash dividends paid (\$1.86 per share)																
Balance at March 31, 2024																
Stock-based compensation																
Purchases of treasury stock																
Net earnings																

Other comprehensive earnings (losses)
Cash dividends paid (\$2.05 per share)
Cash dividends paid (\$2.05 per share)
Cash dividends paid (\$2.05 per share)
Balance at June 30, 2024

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, 2023, 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, 2023 included in the Company's Annual Report on Form 10-K filed with the SEC on February 22, 2024 (2023 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 2023 Form 10-K.

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

NOTE 2 - 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.

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

	Three Months Ended March 31,					
	2024			2023		
	High-Touch Solutions			High-Touch Solutions		
Customer Industry ⁽¹⁾	N.A.	Endless Assortment	Total Company ⁽²⁾	N.A.	Endless Assortment	Total Company ⁽²⁾
Manufacturing	32 %	29 %	31 %	31 %	30 %	31 %
Government	18 %	3 %	15 %	18 %	3 %	15 %

Wholesale	8 %	18 %	9 %	7 %	17 %	9 %
Commercial Services	7 %	11 %	8 %	7 %	12 %	8 %
Contractors	5 %	11 %	6 %	5 %	12 %	6 %
Healthcare	7 %	1 %	6 %	7 %	2 %	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 %	4 %	— %	3 %
Other ⁽³⁾	10 %	19 %	12 %	10 %	16 %	11 %
Total net sales	100 %	100 %	100 %	100 %	100 %	100 %
Percent of total company revenue	80 %	18 %	100 %	81 %	18 %	100 %

⁽¹⁾ Customer industry results for the three months ended March 31, 2024 and 2023 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 Company's Cromwell business. Other businesses account for approximately 2% and 1% of total Company revenue for the three months ended March 31, 2024 and 2023, respectively.

⁽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 \$112 million and \$114 million as of March 31, 2024 and December 31, 2023, respectively.

The Company had no material unsatisfied performance obligations, contract assets or liabilities as of March 31, 2024 and December 31, 2023.

	Three Months Ended June 30,					
	2024			2023		
	High-Touch Solutions			High-Touch Solutions		
<u>Customer Industry</u> ⁽¹⁾	N.A.	Endless Assortment	Total Company ⁽²⁾	N.A.	Endless Assortment	Total Company ⁽²⁾
Manufacturing	31 %	30 %	31 %	29 %	30 %	30 %
Government	19 %	3 %	16 %	21 %	3 %	18 %
Wholesale	7 %	18 %	9 %	7 %	16 %	8 %
Commercial Services	7 %	12 %	8 %	7 %	12 %	8 %
Contractors	5 %	12 %	6 %	5 %	12 %	6 %
Healthcare	7 %	2 %	6 %	7 %	2 %	6 %
Retail	4 %	4 %	4 %	4 %	4 %	4 %
Transportation	4 %	2 %	4 %	4 %	2 %	4 %
Utilities	3 %	2 %	3 %	3 %	2 %	2 %
Warehousing	3 %	— %	2 %	4 %	1 %	3 %
Other ⁽³⁾	10 %	15 %	11 %	9 %	16 %	11 %
Total net sales	100 %	100 %	100 %	100 %	100 %	100 %
Percent of total company revenue	80 %	18 %	100 %	80 %	18 %	100 %

⁽¹⁾ Customer industry results for the three months ended June 30, 2024 and 2023 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 account for approximately 2% of Total Company revenue for both the three months ended June 30, 2024 and 2023.

⁽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)

Six Months Ended June 30,

	2024			2023		
	High-Touch Solutions			High-Touch Solutions		
<u>Customer Industry</u> ⁽¹⁾	N.A.	Endless Assortment	Total Company ⁽²⁾	N.A.	Endless Assortment	Total Company ⁽²⁾
Manufacturing	31 %	29 %	31 %	30 %	30 %	30 %
Government	19 %	3 %	16 %	20 %	3 %	16 %
Wholesale	7 %	18 %	9 %	7 %	16 %	9 %
Commercial Services	7 %	12 %	8 %	7 %	12 %	8 %
Contractors	5 %	11 %	6 %	5 %	12 %	6 %
Healthcare	7 %	1 %	6 %	7 %	2 %	6 %
Retail	4 %	4 %	4 %	4 %	4 %	4 %
Transportation	4 %	2 %	4 %	4 %	2 %	4 %
Utilities	3 %	2 %	3 %	3 %	2 %	3 %
Warehousing	3 %	1 %	2 %	4 %	1 %	3 %
Other ⁽³⁾	10 %	17 %	11 %	9 %	16 %	11 %
Total net sales	100 %	100 %	100 %	100 %	100 %	100 %
Percent of total company revenue	80 %	18 %	100 %	80 %	18 %	100 %

⁽¹⁾ Customer industry results for the six months ended June 30, 2024 and 2023 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 account for approximately 2% of Total Company revenue for both the six months ended June 30, 2024 and 2023.

⁽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 \$109 million and \$114 million as of June 30, 2024 and December 31, 2023, respectively.

The Company had no material unsatisfied performance obligations, contract assets or liabilities as of June 30, 2024 and December 31, 2023.

NOTE 3 - PROPERTY, BUILDINGS AND EQUIPMENT

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

	As of	
	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Land and land improvements		
Building, structures and improvements		
Furniture, fixtures, machinery and equipment		
Property, buildings and equipment		
Less accumulated depreciation		
Property, buildings and equipment – net		

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

NOTE 4 - 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 six months ended March 31, 2024 June 30, 2024. 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.					
	High-Touch Solutions N.A.					
	High-Touch Solutions N.A.	Endless Assortment	Total	Endless Assortment	Total	
Balance at January 1, 2023						

Translation
Translation
Translation
Balance at December 31, 2023
Translation
Translation
Translation
Balance at March 31, 2024
Balance at June 30, 2024

The Company's cumulative goodwill impairments as of **March 31, 2024** **June 30, 2024** were \$137 million. No goodwill impairments were recorded for the **three and three six** months ended **March 31, 2024** **June 30, 2024** and 2023.

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

		As of														
		March 31, 2024					December 31, 2023									
		June 30, 2024					December 31, 2023									
		Weighted average life	Weighted average life	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount	Weighted average life	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Customer lists and relationships																
Trademarks, trade names and other																
Non- amortized trade names and other																
Capitalized software																
Total intangible assets																

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

NOTE 5 - DEBT

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

		As of							
		March 31, 2024				December 31, 2023			
		June 30, 2024				December 31, 2023			
		Carrying Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value
4.60% senior notes due 2045									
1.85% senior notes due 2025									
3.75% senior notes due 2046									
4.20% senior notes due 2047									
Debt issuance costs – net of amortization and other									
Debt issuance costs – net of amortization and other									
Debt issuance costs – net of amortization and other									
Long-term debt									
1.85% senior notes due 2025									

1.85% senior notes due 2025

1.85% senior notes due 2025

Japanese yen term loan

Other

Current maturities

Total debt

Senior Notes

Between 2015 and 2020, Grainger issued \$2.3 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 March 31, 2024 June 30, 2024 and December 31, 2023, the unamortized costs were \$18\$18 million and \$19 million, respectively.

The Company uses interest rate swaps to manage the risks associated with its 1.85% Senior Notes. These swaps were designated for hedge accounting treatment as fair value hedges. The resulting carrying value adjustments are presented in Other in Current maturities as of March 31, 2024 June 30, 2024 and Other in Long-term debt as of December 31, 2023 in the table above. For further discussion on the Company's hedge accounting policies, see Note 6.

MonotaRO Term Loan

In August 2020, MonotaRO Co., Ltd (MonotaRO) entered into a ¥9 billion term loan agreement to fund technology investments and the expansion of its distribution center (DC) network. As of March 31, 2024 June 30, 2024 and December 31, 2023, the carrying amount of the term loan in Current maturities was \$15\$14 million and \$32 million, respectively. The term loan matures in August 2024 and bears an average interest rate of 0.05%.

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 6 - DERIVATIVE INSTRUMENTS

The Company's earnings and cash flows are subject to fluctuations due to changes in foreign currency exchange and interest rates. Grainger currently enters into certain derivatives or other financial instruments to hedge against these risks.

Fair Value Hedges

The Company uses interest rate swaps to hedge a portion of its fixed-rate debt. These swaps are treated as fair value hedges and consequently the gain or loss on the derivative as well as the offsetting gain or loss on the hedged item, are recognized in the Condensed Consolidated Statements of Earnings in Interest expense – net. The notional amount of the Company's outstanding fair value hedges as of March 31, 2024 June 30, 2024 and December 31, 2023 was \$450 million.

Due to the high degree of effectiveness between the hedging instruments and the underlying exposures being hedged, no recognition of ineffectiveness was recorded for the three and six months ended March 31, 2024 June 30, 2024 and 2023, 2023.

The liability hedged by the interest rate swaps is recorded in Current maturities as of March 31, 2024 June 30, 2024 and Long-term debt as of December 31, 2023 on the Condensed Consolidated Balance Sheets. The carrying amount of the hedged item, including the cumulative amount of fair value hedging adjustments was \$434 438 million as of March 31, 2024 June 30, 2024 and \$432 million as of December 31, 2023.

The interest rate swaps are reported on the Condensed Consolidated Balance Sheets as of March 31, 2024 June 30, 2024 and December 31, 2023 as shown in the following table (in millions of dollars):

	As of	
	March 31, 2024 June 30, 2024	December 31, 2023
Accrued expenses	\$ 14 11	\$ —
Other non-current liabilities	\$ —	\$ 16

Fair Value

The estimated fair values of the Company's derivative instruments were based on quoted market forward rates, which are classified as Level 2 inputs within the fair value hierarchy and reflect the present value of the amount that the Company would pay for contracts involving the same notional amounts and maturity dates. No adjustments were required during

the current period to reflect the counterparty's credit risk or the Company's own nonperformance risk.

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. and Endless Assortment. The remaining businesses, which include the Company's Cromwell business, are classified as Other to reconcile to consolidated results. These remaining businesses individually and in the aggregate do not meet the criteria of a reportable segment.

The Company's corporate costs are allocated to each reportable segment based on benefits received. Additionally, intersegment sales transactions, which are sales between Grainger businesses in separate reportable segments, are eliminated within the segment to present only the impact of sales to external customers. Service fees for intersegment sales are included in each reportable segment's Selling, general and administrative expenses (SG&A) and are also eliminated in the Company's Condensed Consolidated Financial Statements.

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2024		2024		2023		2024	2023
	2024							
	2024							
	2024							
	Net sales	Operating earnings (losses)	Net sales	Operating earnings (losses)	Net sales	Operating earnings (losses)	Net sales	Operating earnings (losses)
High-Touch Solutions N.A.								
High-Touch Solutions N.A.								
High-Touch Solutions N.A.								
Endless Assortment								
Endless Assortment								
Endless Assortment								
Other								
Other								
Other								
Total Company								
Total Company								
Total Company								

The Company is a broad line distributor of MRO products and services. 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. Assets for reportable segments are not disclosed as such information is not regularly reviewed by the Company's Chief Operating Decision Maker.

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. The Company has since settled several of the personal injury lawsuits. Those settlements had, and continue to have, no effect on net earnings or cash flows. The Company continues to contest the remaining KMCO-related lawsuits and cannot predict the timing, outcome or any estimate of possible loss or range of losses on the remaining KMCO lawsuits.

NOTE 9 - SUBSEQUENT EVENTS

On April 24, 2024 July 31, 2024, the Company's Board of Directors declared a quarterly dividend of \$2.05 per share, payable June 1, 2024 September 1, 2024, to shareholders of record on May 13, 2024 August 12, 2024.

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, 2023 included in the Company's 2023 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 2024, 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 2023 Form 10-K.

Recent Events

Macroeconomic Conditions

The global economy continues to experience **volatile disruptions** **volatility and uncertainty** including to the commodity, labor and transportation markets, arising from a combination of geopolitical **conditions and** events, and various economic and financial factors. These **disruptions** **conditions** have affected the Company's operations and may continue to affect the Company's business, financial condition and results of operations.

The Company continues to monitor economic conditions in the U.S. and globally, and the impact of macroeconomic pressures, including repercussions from changes in interest rates, currency exchange fluctuations, **inflation** **changing inflationary environment**, and a potential recession on the Company's business, customers, suppliers and other third parties. **As a result of continued inflation, the** **The** Company has implemented strategies designed to mitigate certain adverse effects **from the impact of** **higher costs** **the changing inflationary environment** while **also** remaining market price competitive. Historically, the Company's broad and diverse customer base and the nondiscretionary nature of the Company's products to its customers has helped to insulate it from the effects of recessionary periods in the industrial MRO market. The full extent and impact of these conditions are uncertain and cannot be predicted at this time.

For further discussion of the Company's risks and uncertainties, see Part I, Item 1A: Risk Factors in the Company's 2023 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 **March 31, 2024 **June 30, 2024****

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."

The following table is included as an aid to understanding the changes in Grainger's Condensed Consolidated Statements of Earnings for three months ended **March 31, 2024** **June 30, 2024** and 2023 (in millions of dollars except per share amounts):

	Three Months Ended March 31,										Three Months Ended June 30,											
	2024					2024					2024					2024					% of Net Sales	
	Net sales ⁽¹⁾	\$4,235	\$	\$ 4,091	3.5	3.5	%	100.0	%	100.0	%	Net sales ⁽¹⁾	\$4,312	\$	\$4,182	3.1	3.1	%	100.0	%	100.0	%
Net sales ⁽¹⁾	Net sales ⁽¹⁾	\$4,235	\$	\$ 4,091	3.5	3.5	%	100.0	%	100.0	%	Net sales ⁽¹⁾	\$4,312	\$	\$4,182	3.1	3.1	%	100.0	%	100.0	%
Cost of goods sold																						
Gross profit																						
Selling, general and administrative expenses																						

Operating earnings												
Other expense – net												
Income tax provision												
Net earnings												
Noncontrolling interest												
Net earnings attributable to W.W. Grainger, Inc.	Net earnings attributable to W.W. Grainger, Inc.	\$ 470	\$	\$ 470	—	—	10.9		10.9	%	11.2	%
Diluted earnings per share:												
Diluted earnings per share												

(1) For further information regarding the Company's disaggregated revenue, see Note 2 of the Notes to Condensed Consolidated Financial Statements in Part 1, Item 1: Financial Statements of this Form 10-Q.

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(1) For further information regarding the Company's disaggregated revenue, see Note 2 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, organic constant currency net sales from the prior period for the three months ended **March 31, 2024** **June 30, 2024** and 2023 (in millions of dollars):

	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended June 30,
	Three Months Ended June 30,
	Three Months Ended June 30,
	2024
	2024
	2024

Net sales
Net sales
Net sales
Daily net sales ⁽²⁾
Daily net sales ⁽²⁾
Daily net sales ⁽²⁾
Daily, organic constant currency net sales ⁽²⁾
Daily, organic constant currency net sales ⁽²⁾
Daily, organic constant currency net sales ⁽²⁾

(1) Calculated on the basis of prior year net sales for the three months ended March 31, 2024 and 2023.

(1) Calculated on the basis of prior year net sales for the three months ended June 30, 2024 and 2023.

(1) Calculated on the basis of prior year net sales for the three months ended March 31, 2024 and 2023.

(1) Calculated on the basis of prior year net sales for the three months ended June 30, 2024 and 2023.

(1) Calculated on the basis of prior year net sales for the three months ended March 31, 2024 and 2023.

(2) Daily net sales are adjusted for the difference in U.S. selling days relative to the prior year period. Daily, organic constant currency net sales are also adjusted to exclude the impact on net sales due to year-over-year foreign currency exchange rate fluctuations and the comparable prior year period results of E & R Industrial Sales, Inc. (E&R) divested in the fourth quarter of 2023. There were 64 sales days in the three months ended March 31, 2024 and 2023. For further information regarding the Company's non-GAAP measures, including reconciliations to the most directly comparable GAAP measure, see below "Non-GAAP Measures."

(1) Calculated on the basis of prior year net sales for the three months ended June 30, 2024 and 2023.

(2) Daily net sales are adjusted for the difference in U.S. selling days relative to the prior year period. Daily, organic constant currency net sales are also adjusted to exclude the impact on net sales due to year-over-year foreign currency exchange rate fluctuations and the prior year period results of E & R Industrial Sales, Inc. (E&R) divested in the fourth quarter of 2023. There were 64 sales days in the three months ended June 30, 2024 and 2023. For further information regarding the Company's non-GAAP measures, including reconciliations to the most directly comparable GAAP measure, see below "Non-GAAP Measures."

Net sales of \$4,235 million \$4,312 million for the three months ended March 31, 2024 June 30, 2024 increased \$144 million \$130 million, or 4% 3%, and on a daily, organic constant currency basis net sales increased 5% compared to the same period in 2023. Both High-Touch Solutions N.A. and the Endless Assortment segments contributed to sales growth in the first second quarter of 2024. For further discussion on the Company's net sales, see the Segment Analysis section below.

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

Gross profit of \$1,668 million \$1,694 million for the three months ended March 31, 2024 June 30, 2024 increased \$34 million \$50 million, or 3%. Gross profit margin was 39.3% for both the second quarter of 2024 and 2023. For further discussion on the Company's gross profit, see the Segment Analysis section below.

Selling, general and administrative (SG&A) expenses of \$1,045 million for the three months ended June 30, 2024 increased \$62 million, or 6%, compared to the same period in 2023. Adjusted SG&A of \$1,029 million increased \$46 million, or 5% driven by higher marketing and payroll and benefit expenses in the second quarter of 2024. Adjusted SG&A leverage decreased 40 basis points compared to the same period in 2023.

Operating earnings of \$649 million for the three months ended June 30, 2024 decreased \$12 million, or 2%, compared to the same period in 2023. Adjusted operating earnings of \$665 million increased \$4 million, or 1%, due to higher gross profit dollars, partially offset by increased SG&A expenses in the second quarter of 2024.

Income tax expense of \$146 million and \$155 million represents effective tax rates of 22.9% and 24.0% for the three months ended June 30, 2024 and 2023, respectively. Adjusted income tax expense of \$150 million represents an adjusted effective tax rate of 22.9%. The decrease in the effective tax rate was primarily due to increased benefits from tax credits compared to the same period in 2023.

Diluted earnings per share was \$9.51 and adjusted diluted earnings per share was \$9.76 for the three months ended June 30, 2024. On an adjusted basis, this was an increase of 5.2% compared to \$9.28 for the same period in 2023.

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 June 30,		
	2024	2023	% Change
Net sales	\$ 3,458	\$ 3,355	3.1 %
Gross profit	\$ 1,443	\$ 1,398	3.2 %
Selling, general and administrative expenses	\$ 852	\$ 798	6.8 %
Operating earnings	\$ 591	\$ 600	(1.5)%

Net sales of \$3,458 million for the three months ended June 30, 2024 increased \$103 million, or 3%, and on a daily, organic constant currency basis increased 4% compared to the same period in 2023. The increase was primarily due to volume.

Gross profit of \$1,443 million for the three months ended June 30, 2024 increased \$45 million, or 3%. Gross profit margin was 41.7% for both the second quarter of 2024 and 2023.

SG&A of \$852 million for the three months ended June 30, 2024 increased \$54 million, or 7%, compared to the same period in 2023. Adjusted SG&A of \$837 million increased \$39 million, or 5%, primarily due to higher marketing and occupancy expenses in the second quarter of 2024. Adjusted SG&A leverage decreased 40 basis points compared to the same period in 2023.

Operating earnings of \$591 million for the three months ended June 30, 2024 decreased \$9 million, or 2%, compared to the same period in 2023. Adjusted operating earnings of \$606 million increased \$6 million, or 1%.

W.W. Grainger, Inc. and Subsidiaries
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
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Endless Assortment

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

	Three Months Ended June 30,		
	2024	2023	% Change
Net sales	\$ 776	\$ 751	3.3 %
Gross profit	\$ 229	\$ 224	2.2 %
Selling, general and administrative expenses	\$ 168	\$ 159	5.7 %
Operating earnings	\$ 61	\$ 65	(6.2)%

Net sales of \$776 million for the three months ended June 30, 2024 increased \$25 million, or 3%, and on a daily constant currency basis increased 12% compared to the same period in 2023. The increase was due to sales growth of 12%, driven by customer acquisition for the segment and enterprise growth at MonotaRO, partially offset by declining non-core, consumer-like customers at Zoro. Sales growth was offset by unfavorable currency exchange of 9% due to changes in the exchange rate between the U.S. dollar and the Japanese yen.

Gross profit of \$229 million for the three months ended June 30, 2024 increased \$5 million, or 2%, and gross profit margin of 39.4% 29.5% decreased 20 basis points compared to the same period in 2023. The decrease was primarily driven by unfavorable product and customer mix.

SG&A of \$168 million for the three months ended June 30, 2024 increased \$9 million, or 6%, compared to the same period in 2023. The increase was due to higher marketing expenses in the second quarter of 2024. SG&A leverage decreased 50 basis points compared to the same period in 2023.

Operating earnings of \$61 million for the three months ended June 30, 2024 decreased \$4 million, or 6%, compared to the same period in 2023.

W.W. Grainger, Inc. and Subsidiaries
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
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Results of Operations – Six Months Ended June 30, 2024

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."

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):

	Six Months Ended June 30,				
			Percent Increase/(Decrease) from Prior Year	As a Percent of Net Sales	
	2024	2023		2024	2023
Net sales ⁽¹⁾	\$ 8,547	\$ 8,273	3.3 %	100.0 %	100.0 %
Cost of goods sold	5,185	4,995	3.8	60.7	60.4
Gross profit	3,362	3,278	2.6	39.3	39.6
Selling, general and administrative expenses	2,044	1,937	5.5	23.9	23.4
Operating earnings	1,318	1,341	(1.7)	15.4	16.2
Other expense – net	27	34	(20.6)	0.2	0.4
Income tax provision	304	309	(1.6)	3.6	3.7
Net earnings	987	998	(1.1)	11.6	12.1
Noncontrolling interest	39	40	(2.5)	0.5	0.5
Net earnings attributable to W.W. Grainger, Inc.	\$ 948	\$ 958	(1.0)	11.1 %	11.6 %

Diluted earnings per share	\$ 19.13	\$ 18.89	1.3 %
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(1) For further information regarding the Company's disaggregated revenue, see Note 2 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, organic constant currency net sales compared from the prior period for the six months ended June 30, 2024 and 2023 (in millions of dollars):

	Six Months Ended June 30,			
	2024	% Change ⁽¹⁾	2023	% Change ⁽¹⁾
Net sales	\$ 8,547	3.3 %	\$ 8,273	10.6 %
Daily net sales ⁽²⁾	\$ 66.8	3.3 %	\$ 64.6	10.6 %
Daily, organic constant currency net sales ⁽²⁾	\$ 67.9	5.0 %	\$ 65.6	12.3 %

- (1) Calculated on the basis of prior year net sales for the six months ended June 30, 2024 and 2023.
- (2) Daily net sales are adjusted for the difference in U.S. selling days relative to the prior year period. Daily, organic constant currency net sales are also adjusted to exclude the impact on net sales due to year-over-year foreign currency exchange rate fluctuations and the prior year period results of E&R divested in the fourth quarter of 2023. There were 128 sales days in the six months ended June 30, 2024 and 2023. For further information regarding the Company's non-GAAP measures, including reconciliations to the most directly comparable GAAP measure, see below "Non-GAAP Measures."

Net sales of \$8,547 million for the six months ended June 30, 2024 increased \$274 million, or 3%, and on a daily, organic constant currency basis increased 5% compared to the same period in 2023. Both High-Touch Solutions N.A. and the Endless Assortment segments contributed to sales growth in the first half of 2024. For further discussion on the Company's gross profit, net sales, see the Segment Analysis section below.

W.W. Grainger, Inc. and Subsidiaries
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
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Selling, general and administrative (SG&A) expenses Gross profit of \$999 million \$3,362 million for the three six months ended March 31, 2024 June 30, 2024 increased \$45 million, \$84 million, or 5% 3%, and gross profit margin of 39.3% decreased 30 basis points compared to the same period in 2023. For further discussion on the Company's gross profit, see the Segment Analysis section below.

SG&A of \$2,044 million for the six months ended June 30, 2024 increased \$107 million, or 6%, compared to the same period in 2023. Adjusted SG&A of \$2,028 million increased \$91 million, or 5%, driven by higher marketing and payroll and benefit expenses. Adjusted SG&A leverage decreased 30 basis points compared to the same period in 2023.

Operating earnings of \$669 million \$1,318 million for the three six months ended March 31, 2024 June 30, 2024 decreased \$11 million \$23 million, or 2%, compared to the same period in 2023 as higher gross profit dollars were more than offset by increased SG&A. Adjusted operating earnings of \$1,334 million decreased \$7 million, or 1%.

Income tax expense taxes of \$158 million and \$154 million represents effective tax rates of 24.2% and 23.3% \$304 million for the three six months ended March 31, 2024 and 2023, respectively. The increase in the effective tax rate was primarily due to reduced tax benefits from stock compensation June 30, 2024 decreased \$5 million or 2%, compared to the same period in 2023. Adjusted income taxes of \$308 million decreased \$1 million. Grainger's effective tax rates were 23.5% and 23.6% for the six months ended June 30, 2024 and 2023, respectively. The adjusted effective tax rate for the six months ended June 30, 2024 was 23.5%.

Diluted Diluted earnings per share was \$9.62 \$19.13 and adjusted diluted earnings per share was \$19.37 for the three six months ended March 31, 2024 June 30, 2024. On an adjusted basis, this was an increase of 3% compared to \$9.61 \$18.89 for the same period in 2023.

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):

	Six Months Ended June 30,		
	2024	2023	% Change
Net sales	\$ 6,863	\$ 6,649	3.2 %

Gross profit	\$	2,866	\$	2,795	2.5 %
Selling, general and administrative expenses	\$	1,665	\$	1,574	5.8 %
Operating earnings	\$	1,201	\$	1,221	(1.6)%

Net sales of \$6,863 million for the six months ended June 30, 2024 increased \$214 million, or 3%, and on a daily, organic constant currency basis increased 4% compared to the same period in 2023. The increase was primarily due to volume.

Gross profit of \$2,866 million for the six months ended June 30, 2024 increased \$71 million, or 3%, and gross profit margin of 41.8% decreased 20 basis points compared to the same period in 2023. The decrease was primarily driven by negative price cost spread due to timing.

SG&A of \$1,665 million for the six months ended June 30, 2024 increased \$91 million, or 6%, compared to the same period in 2023. Adjusted SG&A of \$1,650 million increased \$76 million, or 5%. The increase was primarily due to higher marketing expenses in 2024. Adjusted SG&A leverage decreased 50 basis points compared to the same period in 2023.

W.W. Grainger, Inc. and Subsidiaries
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
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Operating earnings of \$1,201 million for the six months ended June 30, 2024 decreased \$20 million, or 2%, compared to the same period in 2023. Adjusted operating earnings of \$1,216 million decreased \$5 million.

Endless Assortment

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

	Six Months Ended June 30,		
	2024	2023	% Change
Net sales	\$ 1,527	\$ 1,475	3.5 %
Gross profit	\$ 449	\$ 438	2.5 %
Selling, general and administrative expenses	\$ 329	\$ 315	4.4 %
Operating earnings	\$ 120	\$ 123	(2.4)%

Net sales of \$1,527 million for the six months ended June 30, 2024 increased \$52 million, or 4% and on a daily constant currency basis increased 11% compared to the same period in 2023. The increase was due to sales growth of 11% driven by customer acquisition for the segment and enterprise growth at MonotaRO, partially offset by unfavorable foreign exchange of 7% due to changes in the exchange rate between the U.S. dollar and the Japanese yen.

Gross profit of \$449 million for the six months ended June 30, 2024 increased \$11 million, or 3%, and gross profit margin of 29.4% decreased 30 basis points compared to the same period in 2023. The decrease was driven by unfavorable product mix, partially offset by freight efficiencies.

SG&A of \$329 million for the six months ended June 30, 2024 increased \$14 million, or 4%, compared to the same period in 2023. The increase was primarily due to higher marketing expenses in 2024. SG&A leverage decreased 20 basis points compared to the same period in 2023.

Operating earnings of \$120 million for the six months ended June 30, 2024 decreased \$3 million, or 2% compared to the same period in 2023.

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. This includes the net sales results of E&R divested in the fourth quarter of 2023 previously reported in the High-Touch Solutions N.A. segment. 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. 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.

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

Restructuring Actions

In the second quarter of 2024, the Company recorded restructuring charges in SG&A of \$15 million in the High-Touch Solutions N.A. segment and \$1 million in Grainger's Other businesses. The charges consisted primarily of employee severance and benefit costs. The Company does not expect these actions to have a material effect on its future results of operations.

The following table provides a reconciliation 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, organic constant currency net sales for the three months ended March 31, 2024, June 30, 2024 and 2023 (in millions of dollars):

	Three months ended March 31,
	Three months ended March 31,
	Three months ended March 31,
	Three Months Ended June 30,
	Three Months Ended June 30,
	Three Months Ended June 30,
	High-Touch Solutions N.A.
	2024
	2024
	2024
Reported net sales	
Reported net sales	
Reported net sales	
Daily net sales ⁽³⁾	
Daily net sales ⁽³⁾	
Daily net sales ⁽³⁾	
Foreign currency exchange ⁽⁴⁾	
Foreign currency exchange ⁽⁴⁾	
Foreign currency exchange ⁽⁴⁾	
Business divestiture ⁽⁵⁾	
Business divestiture ⁽⁵⁾	
Business divestiture ⁽⁵⁾	
Daily, organic constant currency net sales	
Daily, organic constant currency net sales	
Daily, organic constant currency net sales	
	2023
	2023
	2023
Reported net sales	
Reported net sales	
Reported net sales	
Daily net sales ⁽³⁾	
Daily net sales ⁽³⁾	
Daily net sales ⁽³⁾	
Foreign currency exchange ⁽⁴⁾	
Foreign currency exchange ⁽⁴⁾	
Foreign currency exchange ⁽⁴⁾	

Daily, organic constant currency
net sales

Daily, organic constant currency
net sales

Daily, organic constant currency
net sales

(1) Total Company includes Other. Grainger's businesses reported in Other do not meet the criteria of a reportable segment.

(1) Total Company includes Other. Grainger's businesses reported in Other do not meet the criteria of a reportable segment.

(1) Total Company includes Other. Grainger's businesses reported in Other do not meet the criteria of a reportable segment.

(2) Calculated on the basis of prior year net sales.

(2) Calculated on the basis of prior year net sales.

(2) Calculated on the basis of prior year net sales.

(2) Compared to net sales in the prior year period.

(2) Compared to net sales in the prior year period.

(2) Compared to net sales in the prior year period.

(3) There were 64 sales days in the three months ended March 31, 2024 and 2023.

(3) There were 64 sales days in the three months ended March 31, 2024 and 2023.

(3) There were 64 sales days in the three months ended March 31, 2024 and 2023.

(3) There were 64 sales days in the three months ended June 30, 2024 and 2023.

(3) There were 64 sales days in the three months ended June 30, 2024 and 2023.

(3) There were 64 sales days in the three months ended June 30, 2024 and 2023.

(4) Excludes the impact on net sales due to year-over-year foreign currency exchange rate fluctuations on a daily basis.

(5) Excludes the net sales results of the divested E&R business in the comparable prior year period on a daily basis.

(5) Excludes the net sales results of the divested E&R business in the prior year period 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, adjusted operating earnings, adjusted net earnings attributable to W.W. Grainger, Inc. and adjusted diluted earnings per share for the three months ended June 30, 2024 and 2023 (in millions of dollars):

W.W. Grainger, Inc. and Subsidiaries

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL

CONDITION AND RESULTS OF OPERATIONS

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 a reconciliation to the most directly comparable GAAP measure, see above "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 March 31,		% Change
	2024	2023	
Net sales	\$ 3,405	\$ 3,294	3.4 %
Gross profit	\$ 1,423	\$ 1,397	1.9 %
Selling, general and administrative expenses	\$ 813	\$ 775	4.9 %
Operating earnings	\$ 610	\$ 621	(1.8)%



<u>Three Months Ended June 30, 2024</u>	Reported	Adjustment ⁽¹⁾	Adjusted	% Change Reported ⁽²⁾	% Change Adjusted ⁽²⁾
<u>Selling, general and administrative expenses</u>					
High-Touch Solutions N.A.	\$ 852	\$ (15)	\$ 837		
Endless Assortment	168	—	168		
Other ⁽³⁾	25	(1)	24		
Selling, general and administrative expenses	\$ 1,045	\$ (16)	\$ 1,029	6.3%	4.7%
<u>Earnings</u>					
High-Touch Solutions N.A.	\$ 591	\$ 15	\$ 606		
Endless Assortment	61	—	61		
Other ⁽³⁾	(3)	1	(2)		
Operating earnings	\$ 649	\$ 16	\$ 665	(1.8)%	0.6%
Total other expense – net	(13)	—	(13)		
Income tax provision ⁽⁴⁾	(146)	(4)	(150)		
Net earnings	\$ 490	\$ 12	\$ 502		
Noncontrolling interest	(20)	—	(20)		
Net earnings attributable to W.W. Grainger, Inc.	\$ 470	\$ 12	\$ 482	—	2.6%
Diluted earnings per share	\$ 9.51	\$ 0.25	\$ 9.76	2.5%	5.2%
<u>Three Months Ended June 30, 2023</u>					
	Reported	Adjustment ⁽¹⁾	Adjusted	% Change Reported ⁽²⁾	% Change Adjusted ⁽²⁾
<u>Selling, general and administrative expenses</u>					
High-Touch Solutions N.A.	\$ 798	\$ —	\$ 798		
Endless Assortment	159	—	159		
Other ⁽³⁾	26	—	26		
Selling, general and administrative expenses	\$ 983	\$ —	\$ 983	8.4%	8.4%
<u>Earnings</u>					
High-Touch Solutions N.A.	\$ 600	\$ —	\$ 600		
Endless Assortment	65	—	65		
Other ⁽³⁾	(4)	—	(4)		
Operating earnings	\$ 661	\$ —	\$ 661	23.5%	23.5%
Total other expense – net	(16)	—	(16)		
Income tax provision	(155)	—	(155)		
Net earnings	\$ 490	\$ —	\$ 490		
Noncontrolling interest	(20)	—	(20)		
Net earnings attributable to W.W. Grainger, Inc.	\$ 470	\$ —	\$ 470	26.5%	26.5%
Diluted earnings per share	\$ 9.28	\$ —	\$ 9.28	29.1%	29.1%

⁽¹⁾ Reflects restructuring costs incurred in the second quarter of 2024. There were no non-GAAP adjustments for the three months ended June 30, 2023.

⁽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⁾ Reflects a tax benefit related to the restructuring costs incurred in the second quarter of 2024. Grainger's reported and adjusted effective tax rates were 22.9% for the three months ended June 30, 2024.

Net sales of \$3,405 million for the three months ended March 31, 2024 increased \$111 million, or 3%, and on a daily, organic constant currency basis, increased 4% compared to the same period in 2023. The increase was primarily due to volume.

Gross profit of \$1,423 million for the three months ended March 31, 2024 increased \$26 million, or 2%, and gross profit margin of 41.8% decreased 60 basis points compared to the same period in 2023. The decrease was primarily driven by negative price cost spread.

SG&A of \$813 million for the three months ended March 31, 2024 increased \$38 million, or 5%, compared to the same period in 2023. The increase was primarily due to higher marketing and payroll expenses. SG&A leverage decreased 40 basis points compared to the same period in 2023.

Operating earnings of \$610 million for the three months ended March 31, 2024 decreased \$11 million, or 2%, compared to the same period in 2023.

Endless Assortment

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

	Three Months Ended March 31,		% Change
	2024	2023	
Net sales	\$ 751	\$ 724	3.7 %
Gross profit	\$ 220	\$ 214	2.8 %
Selling, general and administrative expenses	\$ 161	\$ 156	3.2 %
Operating earnings	\$ 59	\$ 58	1.7 %

Net sales of \$751 million for the three months ended March 31, 2024 increased \$27 million, or 4%, and on a daily constant currency basis, increased 10% compared to the same period in 2023. The increase was due to sales growth of 10%, driven by customer acquisition for the segment and enterprise growth at MonotaRO, partially offset by declining non-core, consumer-like customers at Zoro. Sales growth was offset by unfavorable currency exchange of 6% due to changes in the exchange rate between the U.S. dollar and the Japanese yen.

Gross profit of \$220 million for the three months ended March 31, 2024 increased \$6 million, or 2.8%, and gross profit margin of 29.3% decreased 30 basis points compared to the same period in 2023. The decrease was driven by unfavorable product mix at Zoro partially offset by freight efficiencies at MonotaRO.

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, organic constant currency net sales for the six months ended June 30, 2024 and 2023 (in millions of dollars):

	Six months ended June 30,					
	High-Touch Solutions N.A.		Endless Assortment		Total Company ⁽¹⁾	
	2024	% Change ⁽²⁾	2024	% Change ⁽²⁾	2024	% Change ⁽²⁾
Reported net sales	\$ 6,863	3.2 %	\$ 1,527	3.5 %	\$ 8,547	3.3 %
Daily net sales ⁽³⁾	53.6	3.2	11.9	3.5	66.8	3.3
Foreign currency exchange ⁽⁴⁾	—	(0.1)	0.9	7.4	0.8	1.2
Business divestiture ⁽⁵⁾	0.3	0.6	—	—	0.3	0.5
Daily, organic constant currency net sales	\$ 53.9	3.7 %	\$ 12.8	10.9 %	\$ 67.9	5.0 %
	2023		2023		2023	
	2023	% Change ⁽²⁾	2023	% Change ⁽²⁾	2023	% Change ⁽²⁾
	2023	% Change ⁽²⁾	2023	% Change ⁽²⁾	2023	% Change ⁽²⁾
Reported net sales	\$ 6,649	12.1 %	\$ 1,475	4.2 %	\$ 8,273	10.6 %
Daily net sales ⁽³⁾	51.9	12.1	11.5	4.2	64.6	10.6
Foreign currency exchange ⁽⁴⁾	0.1	0.1	0.9	7.8	1.0	1.7
Daily, organic constant currency net sales	\$ 52.0	12.2 %	\$ 12.4	12.0 %	\$ 65.6	12.3 %

⁽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⁾ There were 128 sales days in the six months ended June 30, 2024 and 2023.

⁽⁴⁾ Excludes the impact on net sales due to year-over-year foreign currency exchange rate fluctuations on a daily basis.

⁽⁵⁾ Excludes the net sales results of the divested E&R business in the prior year period on a daily basis.

The following tables provide reconciliations of reported SG&A of \$161 million 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, adjusted operating earnings, adjusted net earnings attributable to W.W. Grainger, Inc. and adjusted diluted earnings per share for the three six months ended March 31, 2024 increased \$5 million, or 3%, compared to the same period in 2023. The increase was due to higher marketing expense in the first quarter June 30, 2024 and 2023 (in millions of 2024. SG&A leverage improved 10 basis points compared to the same period in 2023. dollars):

Operating earnings of \$59 million for the three months ended March 31, 2024 increased \$1 million, or 2%, compared to the same period in 2023.

W.W. Grainger, Inc. and Subsidiaries

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS**

<u>Six Months Ended June 30, 2024</u>	Reported	Adjustment ⁽¹⁾	Adjusted	% Change Reported ⁽²⁾	% Change Adjusted ⁽²⁾
<u>Selling, general and administrative expenses</u>					
High-Touch Solutions N.A.	\$ 1,665	\$ (15)	\$ 1,650		
Endless Assortment	329	—	329		
Other ⁽³⁾	50	(1)	49		
Selling, general and administrative expenses	\$ 2,044	\$ (16)	\$ 2,028	5.5%	4.7%
<u>Earnings</u>					
High-Touch Solutions N.A.	\$ 1,201	\$ 15	\$ 1,216		
Endless Assortment	120	—	120		
Other ⁽³⁾	(3)	1	(2)		
Operating earnings	\$ 1,318	\$ 16	\$ 1,334	(1.7)%	(0.5)%
Total other expense – net	(27)	—	(27)		
Income tax provision ⁽⁴⁾	(304)	(4)	(308)		
Net earnings	\$ 987	\$ 12	\$ 999		
Noncontrolling interest	(39)	—	(39)		
Net earnings attributable to W.W. Grainger, Inc.	\$ 948	\$ 12	\$ 960	(1.0)%	0.2%
Diluted earnings per share	\$ 19.13	\$ 0.24	\$ 19.37	1.3%	2.5%
<u>Six Months Ended June 30, 2023</u>					
<u>Selling, general and administrative expenses</u>					
High-Touch Solutions N.A.	\$ 1,574	\$ —	\$ 1,574		
Endless Assortment	315	—	315		
Other ⁽³⁾	48	—	48		
Selling, general and administrative expenses	\$ 1,937	\$ —	\$ 1,937	10.3%	10.3%
<u>Earnings</u>					
High-Touch Solutions N.A.	\$ 1,221	\$ —	\$ 1,221		
Endless Assortment	123	—	123		
Other ⁽³⁾	(3)	—	(3)		
Operating earnings	\$ 1,341	\$ —	\$ 1,341	25.5%	25.5%
Total other expense – net	(34)	—	(34)		
Income tax provision	(309)	—	(309)		
Net earnings	\$ 998	\$ —	\$ 998		
Noncontrolling interest	(40)	—	(40)		
Net earnings attributable to W.W. Grainger, Inc.	\$ 958	\$ —	\$ 958	30.0%	30.0%
Diluted earnings per share	\$ 18.89	\$ —	\$ 18.89	32.6%	32.6%

⁽¹⁾ Reflects restructuring costs incurred in the second quarter of 2024. There were no non-GAAP adjustments for the six months ended June 30, 2023.

⁽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⁾ Reflects a tax benefit related to the restructuring costs incurred in the second quarter of 2024. Grainger's reported and adjusted effective tax rates were 23.5% for the six months ended June 30, 2024.

**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 March 31, 2024 June 30, 2024 and December 31, 2023, Grainger had cash and cash equivalents of \$804 million \$769 million and \$660 million, respectively. The Company had approximately \$2.1 billion \$2.0 billion in available liquidity as of March 31, 2024 June 30, 2024.

Cash Flows

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

		Three Months Ended March 31,		Six Months Ended June 30,	
	2024	2024	2023	2024	2023
Total cash provided by (used in):					
Operating activities					
Operating activities					
Operating activities					
Investing activities	Investing activities	(118)	(96)	Investing activities	(177)
Financing activities	Financing activities	(391)	(224)	Financing activities	(763)
Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents	(8)	2	Effect of exchange rate changes on cash and cash equivalents	(23)
Increase in cash and cash equivalents					

Net cash provided by operating activities was \$661 million \$1,072 million and \$454 million \$904 million for the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively. The increase was driven by favorable changes in working capital primarily due to timing of cash payments and inventory management combined with supply chain efficiencies compared to the prior year period.

Net cash used in investing activities was \$118 million \$177 million and \$96 million \$191 million for the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively. The increase was due to capital expenditures for U.S. supply chain enhancements, technology investments and MonotaRO headquarter expansion compared to the prior year period.

Net cash used in financing activities was \$391 million \$763 million and \$224 million \$521 million for the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively. The increase was primarily due to higher treasury stock purchases compared to the prior year period.

Working Capital

Working capital as of March 31, 2024 June 30, 2024 was \$2,953 million \$3,153 million, a decrease an increase of \$125 million \$75 million compared to \$3,078 million as of December 31, 2023. The decrease increase was driven by timing of disbursements and accrued expenses, partially offset by higher operating cash and lower inventory compared to the prior year period. increased accounts receivable. As of March 31, 2024 June 30, 2024 and December 31, 2023, the ratio of current assets to current liabilities was 2.52.7 and 2.8, 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 39.4% 38.9% and 40.1% as of March 31, 2024 June 30, 2024 and December 31, 2023, 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 March 31, 2024 June 30, 2024:

	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 2023 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 2023 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 2023 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 "estimate," "believe," "expect," "could," "may," "continue," "plan," "predict," "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; the impact of macroeconomic pressures and geopolitical trends, changes and events; 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; 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 tariffs and trade issues and policies; 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; outbreaks of pandemic disease or viral contagions; 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.

W.W. Grainger, Inc. and Subsidiaries

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 2023 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 **March 31, 2024** **June 30, 2024**, 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 2023 Form 10-K.

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

Issuer Purchases of Equity Securities – **First** **Second** Quarter 2024

Period	Total Number of Shares Purchased (A)(B)	Average Price Paid per Share (C)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (D)	Maximum Number of Shares That May Yet be Purchased Under the Plans or Programs
Jan. 1 – Jan. 31	139,376	\$850.11	139,376	1,412,550
Feb. 1 – Feb. 29	92,896	\$948.43	92,896	1,319,654
Mar. 1 – Mar 31	68,171	\$994.45	68,065	1,251,589
Total	300,443		300,337	

Period	Total Number of Shares Purchased (A)(B)	Average Price Paid per Share (C)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (D)	Maximum Number of Shares That May Yet be Purchased Under the Plans or Programs
Apr. 1 – Apr. 30	90,304	\$965.74	90,304	4,982,776
May 1 – May 31	87,326	\$936.66	87,326	4,895,450
Jun. 1 – Jun. 30	80,049	\$901.23	79,621	4,815,829
Total	257,679		257,251	

- There were no shares withheld to satisfy tax withholding obligations.
- The difference of **106,428** 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.
- Average price paid per share excludes **excise tax** and commissions of \$0.02 **per** **per** share paid.
- Purchases Prior to April 28, 2024, purchases** were made pursuant to a share repurchase program approved by Grainger's Board of Directors and announced on April 28, 2021 (2021 Program). **The 2021 Program authorized the repurchase of up to five million shares with no expiration date.** On April 24, 2024, Grainger's Board of Directors

authorized a program for 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 (2024 Program) with no expiration date. In authorizing the 2024 Program, the Board of Directors also terminated the repurchase program authorized on April 28, 2021. 2021 Program.

Item 5: Other Information

On June 6, 2024, Deidra C. Merriwether, Grainger's Chief Financial Officer, adopted a written plan for the sale of shares received pursuant to the vesting of equity awards on November 1, 2024 and April 1, 2025. The aggregate number of shares subject to the plan is 4,675 and excludes shares withheld by the Company to satisfy income tax withholding obligations in connection with the net settlement of such equity award. 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 30, 2025, or any earlier date on which all of the shares have been sold.

On June 17, 2024, 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 46,063 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 single-trade plan, is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) and will expire on December 12, 2024, 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 March 31, 2024 June 30, 2024.

W.W. Grainger, Inc. and Subsidiaries

Item 6: Exhibits

EXHIBIT NO.	DESCRIPTION
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	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).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

W.W. GRAINGER, INC.

Date: April 25, August 1, 2024

By:

/s/ Deidra C. Merriwether

Deidra C. Merriwether

Senior Vice President

and Chief Financial Officer

(Principal Financial Officer)

Date: April 25, August 1, 2024

By:

/s/ Laurie R. Thomson

Laurie R. Thomson

Vice President and Controller

(Principal Accounting Officer)

W.W. GRAINGER, INC.
2022 Incentive Plan
Restricted Stock Unit Award Agreement

This Restricted Stock Unit Award Agreement (this "**Award Agreement**"), dated as of April 1, 2024 (the "**Grant Date**"), is entered into between W.W. Grainger, Inc., an Illinois corporation (the "**Company**"), and you (the "**Participant**") as an Employee of the Company or a Subsidiary (collectively, the "**Employer**").

In consideration of the Participant's agreement to enter into a Confidentiality, Invention Assignment, Non-Competition and Non-Solicitation Agreement with the Company concurrently with this Award Agreement on the Grant Date (the "**Competition Agreement**"), the Company desires to grant the Participant an award of restricted stock units (the "**RSUs**"), providing for the issuance of shares of the Company's common stock ("**Shares**") pursuant to the W.W. Grainger, Inc. 2022 Incentive Plan (as may be amended from time to time, the "**Plan**") and the Participant agrees to enter into the Competition Agreement and accept such RSUs on the terms and conditions set forth in this Award Agreement, the Plan and the Competition Agreement.

Capitalized terms used but not defined in this Award Agreement have the meanings specified in the Plan.

In consideration of the mutual provisions set forth in this Award Agreement and in the Competition Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
Grants

1.01 Grant. Subject to the terms and conditions of this Award Agreement, the Plan and the Competition Agreement (the terms of which are hereby incorporated herein by reference) and effective on the Grant Date, the Company hereby grants to the Participant the number of RSUs as specified in the April 1, 2024 award grant notice posted to the Participant's electronic investment account maintained with Morgan Stanley Smith Barney LLC, the stock plan service provider engaged by the Company in connection with the administration of the Plan (the "**Stock Plan Administrator**"). Each RSU represents a contractual right to receive one (1) Share upon the satisfaction of the terms and conditions of this Award Agreement.

ARTICLE II
Provisions Relating to RSUs

2.01 Vesting of RSUs. If the Participant remains continuously employed by the Employer (or any other Subsidiary or Affiliate) until the vesting date(s) specified in the grant notice ("**RSU Vesting Date**"), the RSUs shall become vested on each such date and the Participant shall be entitled to receive the underlying Shares as provided herein. The RSUs shall not vest before an applicable RSU Vesting Date unless otherwise provided or permitted by the Plan or this Award Agreement, and any RSUs that do not vest shall be forfeited in full and the Participant shall have no further rights with respect to such RSUs. Each RSU that becomes vested as provided herein shall be settled in accordance with Section 2.05.

2.02 Effect of Termination of Employment. Except as otherwise stated in the Plan, if the Participant's employment or service is terminated prior to an RSU Vesting Date for any reason whatsoever other than the Participant's death, Disability or Retirement, the Participant shall cease vesting in the RSUs as of the Participant's Termination Date (defined below) and the RSUs shall be forfeited in their entirety. If the Participant is a resident of, or employed in, the United States, "**Termination Date**" shall mean the effective date of termination of the Participant's employment. If the Participant is a resident of, or employed outside of, the United States, "**Termination Date**" shall mean the earliest of (i) the date on which notice of termination is provided to the Participant, (ii) the last day of the Participant's active service with the Employer or (iii) the last day on which the Participant is an employee of the Employer, as determined in each case without including any required advanced notice period and irrespective of the status of the termination under local labor or employment laws.

2.03 Effect of Death or Disability of the Participant. If the Participant's employment or service is terminated prior to an RSU Vesting Date due to the Participant's death or Disability, the RSUs immediately shall fully vest. For purposes of this Award Agreement, "**Disability**" shall have the same meaning as defined in the Plan, subject to modification as may be required to conform to the laws, rules and regulations ("**Laws**") of the Participant's country of residence (and country of employment, if different). For the sake of clarity, the date of the Participant's death or Disability shall be an RSU Vesting Date. The RSUs that becomes vested as provided herein shall be settled in accordance with Section 2.05.

2.04 Effect of Retirement of the Participant. If the Participant's employment or service is terminated prior to an RSU Vesting Date due to the Participant's Retirement, the RSUs shall continue to vest and shall be settled in accordance with Sections 2.01 and 2.05. For purposes of this Award Agreement, "**Retirement**" shall mean the Participant's retirement of employment with the Company and its Subsidiaries on or after the Participant's (i) completion of at least 25 years of service with the Company and its Subsidiaries, (ii) completion of at least 20 years of service with the Company and its Subsidiaries and attainment of age 55, or (iii) completion of at least five (5) years of service with the Company and its Subsidiaries and attainment of age 60. Further, if the Participant is employed in a country other than Canada, Mexico or the United States, the provisions of this Section 2.04 shall be inapplicable.

2.05 Settlement. Upon an RSU Vesting Date, the Company shall, as soon as practicable (but in no event later than 60 days following the applicable RSU Vesting Date), settle the RSUs by registering Shares in the Participant's name and delivering such Shares to the Participant's electronic stock plan account maintained by the Stock Plan Administrator. At the discretion of the Committee, and subject to such policies and procedures as it may adopt from time to time, the Participant's RSUs may be settled in the form of: (i) cash, to the extent settlement in Shares (a) is prohibited under applicable Laws, (b) would require the Participant, the Company or the Employer to obtain the approval of any governmental and/or regulatory body in the Participant's country of residence (and country of employment, if different), or (c) is administratively burdensome or (ii) Shares, but the Company may require the Participant to immediately sell such Shares if necessary to comply with applicable Laws (in which case, the Participant hereby expressly authorizes the Company to issue sales instructions in relation to such Shares on the Participant's behalf).

2.06 Dividend Equivalents. Prior to an RSU Vesting Date, the Participant shall be entitled to receive cash dividend payments equal to any cash dividends and other distributions paid with respect to a number of Shares underlying the RSUs held by the Participant and such dividend equivalents shall be payable to the Participant within 30 days of the date on which the Company pays the cash dividend or other distributions to holders of Shares generally. If the Company declares any dividends payable in Shares (rather than in cash), the Participant shall be entitled to additional RSUs equal to the Fair Market Value (as determined by the Committee) of such Share dividends; provided, such additional RSUs shall be subject to the same vesting, forfeiture and transferability requirements and restrictions that apply to the original RSUs with respect to which they relate, including the vesting provisions of Section 2.01 and the settlement provisions of Section 2.05.

ARTICLE III

Recoupment

3.01 Recoupment in Event of Misconduct. If the Company determines that the Participant has committed or engaged in misconduct against the Company or has engaged in any criminal conduct, including embezzlement, fraud or theft, that involves or is related to the Company, or any other conduct that violates Company policy, causes or is discovered to have caused, any loss, damage, injury or other endangerment to the Company's property or reputation, and such Participant has received or is entitled to receive performance stock units, performance restricted stock units, stock

options, restricted stock units or cash incentive compensation (collectively, "**Incentive Compensation**"), then the Company shall have the right to cancel the Incentive Compensation, require the return of Shares acquired under the Plan, recapture any gain realized upon the sale of Shares acquired under the Plan or take any other action it deems appropriate under the circumstances with respect to recouping the Incentive Compensation. The Company shall have sole discretion in determining whether the

Participant's conduct was in compliance with applicable Law or Company policy and the extent to which the Company will seek recovery of the Incentive Compensation notwithstanding any other remedies available to the Company. If the Participant engages in misconduct or is believed to have engaged in misconduct, including but not limited to any violation of any of Participant's obligations under the Competition Agreement, the Company shall be entitled to take the actions outlined above for recouping the Incentive Compensation, as the Company deems appropriate under the circumstances.

3.02 Recoupment in Event of Materially Inaccurate Financial Results. If the Company has publicly filed inaccurate financial results (the "**Subject Financials**"), whether or not they result in a restatement, the Company may recover any Incentive Compensation (a) that was paid or settled to the Participant during the period covered by the Subject Financials as set forth herein, or (b) as otherwise may be required by any applicable Laws or listing standard adopted by the New York Stock Exchange. If the payment or settlement of Incentive Compensation would have been lower had the achievement of applicable financial performance goals been calculated based on restated financial results with respect to the Subject Financials, the Company may, if it determines it appropriate in its sole discretion, recover the portion of the paid or settled Incentive Compensation in excess of the payment or settlement that would have been made based on restated financial results or as otherwise may be required by any applicable Laws or listing standard adopted by the New York Stock Exchange. The Company will not seek to recover Incentive Compensation received or settled more than three (3) years after the date of the initial filing that contained the Subject Financials or any longer period as may be required by any applicable Law or listing standard adopted by the New York Stock Exchange.

3.03 Recoupment in Event of Error. If the Participant receives any amount in excess of what the Participant should have received under the terms of this Award Agreement for any reason (including, without limitation, by reason of a mistake in calculations or administrative error), all as determined by the Committee, then the Company shall have the right to cancel the Incentive Compensation, require the return of Shares acquired under the Plan, recapture any gain realized upon the sale of Shares acquired under the Plan or take any other action it deems appropriate under the circumstances with respect to recouping the Incentive Compensation.

3.04 Implementation. For purposes of this Article III, the Participant expressly authorizes the Company to issue instructions, on behalf of the Participant, to the Stock Plan Administrator (and/or any other brokerage firm/third party service provider engaged by the Company to hold Shares and other amounts acquired under the Plan) to re-convey, transfer or otherwise return to the Company any Incentive Compensation (whether paid in the form of cash or Shares) subject to recoupment hereunder. Participant acknowledges and agrees that the Company's rights hereunder shall not be affected in any way by any subsequent change in the Participant's status, including retirement or termination of employment (including due to death or Disability). The

Participant expressly agrees to indemnify and hold the Company and the Employer harmless from any loss, cost, damage, or expense (including attorneys' fees) that the Company or the Employer may incur as a result of the Participant's actions or in the Company and the Employer's efforts to recover such previously made payments or value pursuant to this Article III.

3.05 Forfeiture. To the extent any of the events set forth in this **Article III** occur before the Participant receives any Incentive Compensation due hereunder, any such Incentive Compensation shall be forfeited as determined by the Company in its sole discretion.

3.06 Recoupment Policy. Notwithstanding anything in this Award Agreement to the contrary, the Participant acknowledges and agrees that this Award Agreement and the award described herein (and any settlement thereof) are subject to the terms and conditions of the Company's clawback policy or policies (if any) as may be in effect from time to time, including specifically to implement Section 10D of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and any applicable rules or regulations promulgated thereunder (including applicable rules and regulations of any national securities exchange on which the Shares at any point may be traded) (the "**Compensation Recovery Policy**"), and that applicable terms of this Award Agreement shall be deemed superseded by and subject to the terms and conditions of the Compensation Recovery Policy from and after the effective date thereof. By accepting this award under the Plan and pursuant to this Award Agreement, the Participant consents to be bound by the terms of the Compensation Recovery Policy, to the extent applicable to the Participant, and agrees and acknowledges to fully cooperate with and assist the Company in connection with any of the Participant's obligations to the Company pursuant to the Compensation Recovery Policy, and agrees that the Company may enforce its rights under the Compensation Recovery Policy through any and all reasonable means permitted under applicable law as it deems necessary or desirable under the Compensation Recovery Policy, in each case from and after the effective dates thereof. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to facilitate the recovery or recoupment by the Company from the Participant of any such amounts, including from the Participant's accounts or from any other compensation, to the extent permissible under Section 409A of the Internal Revenue Code.

ARTICLE IV

Tax

4.01 Tax-Related Items. Regardless of any action the Company or the Employer takes with respect to any or all income tax (including U.S. federal, state and local taxes or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("**Tax-Related Items**"), the Participant acknowledges and agrees that the ultimate liability for all Tax-Related Items legally due by the Participant is and remains the Participant's responsibility and that the Company and the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related

Items in connection with any aspect of the RSUs, including the grant of the RSUs, the vesting of the RSUs, the subsequent sale of any Shares acquired pursuant to the RSUs and the receipt of any dividends or dividend equivalents and (ii) do not commit to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate the Participant's liability for Tax-Related Items.

4.02 Tax Withholding Obligations. Prior to the delivery of Shares (or cash) upon the vesting of the RSUs, if the Participant's country of residence (and country of employment, if different) requires withholding of Tax-Related Items, the Company shall withhold a sufficient number of whole Shares otherwise issuable upon the vesting of the RSUs that have an aggregate Fair Market Value sufficient to pay the Tax-Related Items required to be withheld with respect to the Shares or the cash equivalent. The Company may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including maximum applicable rates. The cash equivalent of the Shares withheld will be used to settle the obligation to withhold the Tax-Related Items. In the event that the withholding of Shares is prohibited under applicable Law or otherwise may trigger adverse consequences to the Company or the Employer, the Company and the Employer may withhold the Tax-Related Items required to be withheld with respect to the Shares in cash from the Participant's regular salary and/or wages or any other amounts payable to the Participant, or may require the Participant to personally make payment of the Tax-Related Items required to be withheld. In the event the withholding requirements are not satisfied through the withholding of Shares by the Company or through the withholding of cash from the Participant's regular salary and/or wages or other amounts payable to the Participant, no Shares will be issued to the Participant (or the Participant's estate) upon vesting of the RSUs unless and until satisfactory arrangements (as determined by the Committee) have been made by the Participant with respect to the payment of any Tax-Related Items that the Company or the Employer determines, in its sole discretion, must be withheld or collected with respect to such RSUs. If the obligation for the Participant's Tax-Related Items is satisfied by withholding a number of Shares as described herein, the Participant shall be deemed to have been issued the full number of Shares issuable upon vesting, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items due as a result of the vesting or any other aspect of the RSU.

The Participant will pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of the Participant's participation in the Plan or the Participant's acquisition of Shares that cannot be satisfied by the means described in this Article IV. The Company may refuse to deliver any Shares due upon vesting of the RSUs if the Participant fails to comply with the Participant's obligations in connection with the Tax-Related Items as described herein. If the Participant is subject to taxation in more than one jurisdiction, the Participant acknowledges that the Company, the Employer or one or more of their respective Subsidiaries may be required to withhold or account for Tax-Related Items in more than one jurisdiction. The Participant hereby consents to any action reasonably

taken by the Company and the Employer to meet the Participant's obligation for Tax-Related Items. By accepting this grant of RSUs, the Participant expressly consents to the withholding of Shares and/or withholding from the Participant's regular salary and/or wages or other amounts payable to the Participant as provided for hereunder. All other Tax-Related Items related to the RSUs and any Shares delivered in payment thereof are the Participant's sole responsibility.

ARTICLE V

International Arrangements

5.01 Exchange Controls. As a condition to this RSU award, the Participant agrees to comply with any applicable foreign exchange Laws and hereby consents to any necessary, appropriate or advisable actions taken by the Company, the Employer or any of their respective Subsidiaries as may be required to comply with any applicable Laws of the Participant's country of residence (and country of employment, if different).

5.02 Foreign Asset and Account Reporting Requirements. The Participant acknowledges that there may be certain foreign asset and/or account reporting requirements, which may affect the Participant's ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends or dividend equivalent payments) in a brokerage or bank account outside the Participant's country of residence (and country of employment, if different). The Participant may be required to report such accounts, assets or transactions to the tax or other authorities in the Participant's country of residence (and country of employment, if different). The Participant acknowledges and agrees that it is the Participant's personal responsibility to be compliant with such Laws.

5.03 Non-U.S. Addendum. Notwithstanding any provisions of this Award Agreement to the contrary, the RSUs shall be subject to any special terms and conditions for the Participant's country of residence (and country of employment, if different) set forth in the addendum to this Award Agreement, attached hereto as **Appendix A ("Non-U.S. Addendum")**. If the Participant transfers residence and/or employment to another country reflected in the Non-U.S. Addendum at the time of transfer, the special terms and conditions for such country will apply to the Participant to the extent the Company determines, in its sole discretion, that the application of such special terms and conditions is necessary or advisable in order to comply with local Laws or to facilitate the operation and administration of the RSUs and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer). In all circumstances, the Non-U.S. Addendum shall constitute part of this Award Agreement.

5.04 Controlling Language. If the Participant is in a country where English is not an official language, the Participant acknowledges that the Participant is sufficiently proficient in English to understand the terms and conditions of this Award Agreement or has had the ability to consult with an advisor who is sufficiently proficient in the English

language. The Participant acknowledges and agrees that it is the Participant's express intent that this Award Agreement, the Plan, the Competition Agreement and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the RSUs be drawn up in English. If the Participant has received this Award Agreement, the Plan, the Competition Agreement or any other documents related to the RSUs translated into a language other than English and the meaning of any translated version is different than the English version, the English version will control unless otherwise provided in the non-English version of the agreement.

ARTICLE VI Miscellaneous

6.01 Restriction on Transferability. Except to the extent expressly provided in the Plan or this Award Agreement, the RSUs may not be sold, transferred, pledged, assigned, or otherwise alienated at any time other than by will or by the laws of descent and distribution. Any attempt to do so contrary to the provisions hereof shall be null and void. Notwithstanding the foregoing, the Committee may permit, in its sole discretion, the Participant to transfer the RSUs to a member of the Participant's immediate family or trust, a partnership or other entity for the benefit of the Participant or the members of the Participant's immediate family; provided, however, that the Participant retains beneficial ownership of any such RSUs. For purposes hereof, "immediate family" has the meaning ascribed thereto in Rule 16(a)-1 of the Exchange Act, and "beneficial owner" has the meaning ascribed thereto in Rule 13d-3 of the Exchange Act.

6.02 Rights as Shareholder. The Participant shall not have voting or any other rights as a shareholder of the Company with respect to the Shares issuable upon the vesting of RSUs until the date of issuance of such Shares. Upon settlement of the RSUs, the Participant will obtain, with respect to the Shares received in such settlement, full voting and other rights as a shareholder of the Company.

6.03 Administration. The Committee shall have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation, and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Participant, the Company, and all other Persons. No member of the Committee shall be personally liable for any action, determination, or interpretation made in good faith with respect to the Plan or this Award Agreement.

6.04 No Employment Rights. This Award Agreement and the Participant's participation in the Plan are not and shall not be interpreted to: (i) form an employment contract or relationship with the Company, the Employer or any of their respective Subsidiaries; (ii) confer upon the Participant any right to continue in the employ of the Company, the Employer or any of their respective Subsidiaries; or (iii) interfere with the

ability of the Company, the Employer or any of their respective Subsidiaries to terminate the Participant's employment at any time.

6.05 Nature of Grant. In accepting the grant hereunder, the Participant acknowledges and agrees that: (i) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time; (ii) the Participant has read the Plan and any RSUs granted under it shall be subject to all of the terms and conditions of the Plan, including but not limited to the power of the Committee to interpret and determine the terms and provisions of the Plan and this Award Agreement and to make all determinations necessary or advisable for the administration of the Plan, all of which interpretations and determinations shall be final and binding; (iii) the RSU does not create any contractual or other right to receive future grants of RSUs, benefits in lieu of RSUs, or any other Plan benefits in the future; (iv) nothing contained in this Award Agreement is intended to create or enlarge any other contractual obligations between the Company or the Employer and the Participant; (v) any grant under the Plan, including any grant of RSUs, is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long service option, pension, or retirement benefits or similar payments; (vi) the Participant is voluntarily participating in the Plan; (vii) the future value of the Shares underlying the RSUs granted hereunder is unknown and cannot be predicted with certainty; (viii) none of the Company, the Employer or any of their respective Subsidiaries shall be liable for any change in value of the RSUs, the amount realized upon settlement of the RSUs or the amount realized upon a subsequent sale of any Shares acquired upon settlement of the RSUs, resulting from any fluctuation of the United States Dollar/local currency foreign exchange rate, and (ix) the RSUs and the underlying Shares are not granted to the Participant for prior services rendered to the Company, the Employer or any Subsidiaries. Without limiting the generality

of the foregoing, the Committee shall have the discretion to adjust the terms and conditions of any award of RSUs to correct for any windfalls or shortfalls in such RSUs which, in the Committee's determination, arise from factors beyond the Participant's control.

6.06 Compliance with Law. The Company shall not be required to issue or deliver any Shares pursuant to this Award Agreement pending compliance with all applicable Laws (including any registration requirements or tax withholding requirements) and compliance with the Laws and practices of any stock exchange or quotation system upon which the Shares are listed or quoted. If the Participant resides or is employed outside of the United States, the Participant agrees, as a condition of the grant of the RSUs, to repatriate all payments attributable to the Shares and/or cash acquired under the Plan (including, but not limited to, dividends and any proceeds derived from the sale of Shares acquired pursuant to the RSUs) if required by and in accordance with local Laws in the Participant's country of residence (and country of employment, if different). In addition, the Participant also agrees to take any and all actions, and consent to any and all actions taken by the Company, its Subsidiaries and the Employer, as may be required to allow the Company, its Subsidiaries and the Employer to comply with local

Laws in the Participant's country of residence (and country of employment, if different). Finally, the Participant agrees to take any and all actions as may be required to comply with the Participant's personal legal and tax obligations under local Laws in the Participant's country of residence (and country of employment, if different).

6.07 Amendment. This Award Agreement may be amended by a writing which specifically states that it is amending this Award Agreement executed by (i) the Company and the Participant, (ii) the Company (at the discretion of the Committee), so long as a copy of such amendment is delivered to the Participant, and provided that no such amendment having a material adverse effect on the rights of the Participant hereunder may be made without the Participant's written consent or (iii) the Company (at the discretion of the Committee) in any way it may deem necessary or advisable to carry out the purpose of the grant as a result of any change in applicable Laws or any future Laws or judicial decisions.

6.08 Notices. Any notice to be given under the terms of this Award Agreement to the Company shall be addressed to the Company in care of its Corporate Secretary. Any notice to be given to the Participant shall be addressed to the Participant at the address listed in the Employer's records or to the Participant's electronic investment account held at the Stock Plan Administrator. By a notice given pursuant to this Section 6.08, either party may designate a different address for notices. Any notice shall have been deemed given when actually delivered.

6.09 Severability. If all or any part of this Award Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Award Agreement or the Plan not declared to be unlawful or invalid. Any provision of this Award Agreement (or part of such provision) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such provision (or part of such provision) to the fullest extent possible while remaining lawful and valid.

6.10 Construction. The RSUs are being issued pursuant to Article 8 (Restricted Stock and Restricted Stock Units) of the Plan. The RSUs are subject to the terms of the Plan. The Participant acknowledges receipt of the Plan booklet which contains the entire Plan, and the Participant represents and warrants that the Participant has read the Plan. Additional copies of the Plan are available upon request during normal business hours at the principal executive offices of the Company. To the extent that any provision of this Award Agreement violates or is inconsistent with an express provision of the Plan, the Plan provision shall govern and any inconsistent provision in this Award Agreement shall be of no force or effect. The words "including," "includes," or "include" are to be read as listing non-exclusive examples of the matters referred to, whether or not words such as "without limitation" or "but not limited to" are used in each instance.

6.11 Waiver of Right to Jury Trial. **EACH OF THE PARTIES KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT**

PERMITTED BY APPLICABLE LAW, ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THE RSUS, THE PLAN OR THIS AWARD AGREEMENT.

6.12 Waiver; No Third Party Beneficiaries. A waiver by the Company of a breach of any provision of this Award Agreement by the Participant shall not operate or be construed as a waiver of any other provision of this Award Agreement, or of any subsequent breach by the Participant. This Award Agreement shall not be construed to create any third party beneficiary rights.

6.13 Data Privacy. The Company is located at 100 Grainger Parkway, Lake Forest, Illinois 60045, United States of America, and grants RSUs under the Plan to employees of the Company and its Subsidiaries in its sole discretion. In conjunction with the Company's grant of the RSUs under the Plan and its ongoing administration of such awards, the Company is providing the following information about its data collection, processing and transfer practices. In accepting the grant of the RSU, the Participant expressly and explicitly consents to the personal data activities as described herein.

- i. Data Collection, Processing and Usage.** The Company and the Employer will collect, process and use certain personal information about the Participant, specifically, the Participant's name, home address, email address and telephone number, date of birth, social security or insurance number, passport number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all RSUs or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor ("**Data**"). for the purpose of implementing, administering and managing the Plan. The Company's legal basis for the collection, processing and use of the Participant's Data is the Participant's consent. The Participant's Data also may be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded, or regulatory filings are made. The Company's legal basis for such disclosure of the Participant's Data is to comply with applicable laws, rules and regulations.
 - ii. Stock Plan Administration Service Providers.** The Company and the Employer transfer the Participant's Data to the Stock Plan Administrator based in the United States of America, which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different Stock Plan Administrator and share the Participant's Data with another company that serves in a similar manner. The Stock Plan Administrator will open an account for the Participant to receive and trade Shares acquired under the Plan. The Participant will be asked to agree to separate terms and data processing practices with the Stock Plan Administrator, which is a condition of the Participant's ability to participate in the Plan.
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- iii. International Data Transfers.** The Company and the Stock Plan Administrator are based in the United States of America. The Participant should note that the Participant's country of residence may have enacted data privacy laws that are different from the United States of America. The Company's legal basis for the transfer of the Participant's Data to the United States of America is the Participant's consent.
 - iv. Voluntariness and Consequences of Consent, Denial or Withdrawal.** The Participant's participation in the Plan and the Participant's grant of consent hereunder is purely voluntary. The Participant may deny or withdraw the Participant's consent at any time. If the Participant does not consent, or if the Participant later withdraws the Participant's consent, the Participant may be unable to participate in the Plan. This would not affect the Participant's existing employment or salary; instead, the Participant merely may forfeit the opportunities associated with participation in the Plan.
 - v. Data Retention.** The Participant understands that the Participant's Data will be held only as long as is necessary to implement, administer and manage the Participant's RSU and participation in the Plan; provided that the Company may hold the Participant's Data for longer periods of time consistent with its retention policies and practices with respect to employee data.
 - vi. Data Subject Rights.** The Participant understands that the Participant may have the right under applicable law to (i) access or copy the Participant's Data that the Company possesses, (ii) rectify incorrect Data concerning the Participant, (iii) delete the Participant's Data, (iv) restrict processing of the Participant's Data, (vi) lodge complaints with the competent supervisory authorities in the Participant's country of

residence. To receive clarification regarding these rights or to exercise these rights, the Participant understands that the Participant can contact the Participant's local human resources representative.

6.14 Private Placement. The grant of the RSUs is not intended to be a public offering of securities in the Participant's country of residence (and country of employment, if different). The Company has not submitted any registration statement, prospectus or other filing with the local securities authorities (unless otherwise required under local Laws).

6.15 No Advice Regarding Grant. The Company and the Employer are not providing any tax, legal or financial advice, nor is the Company or the Employer making any recommendations regarding the RSUs, the Participant's participation in the Plan or the Participant's acquisition or sale of the underlying Shares. The Participant is hereby advised to consult with the Participant's own personal tax, legal and financial advisors regarding participation in the Plan before taking any action related to the Plan or this Award Agreement.

6.16 Securities Law Restrictions. The Participant acknowledges that, depending on the Participant's country of residence (and country of employment, if different) or where the Shares are listed, the Participant shall be subject to insider trading restrictions and/or market abuse Laws, which may affect the Participant's ability to acquire, sell or otherwise dispose of Shares, rights to Shares (e.g., RSUs) or rights linked to the value of Shares during such times as the Participant is considered to have "inside information" regarding the Company or its business (as defined by the local Laws in the Participant's country of residence and/or employment). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant placed before the Participant possessed inside information. Furthermore, the Participant could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties (including other employees of the Company and its Subsidiaries) or causing them otherwise to buy or sell securities. Any restrictions under these Laws are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading or other policy. The Participant solely is responsible for ensuring compliance with any applicable restrictions and should consult with the Participant's personal legal advisor on this matter.

6.17 EU Age Discrimination Rules. If the Participant is a local national of and employed in the United Kingdom or a country that is a member of the European Union, the grant of the RSUs and the terms and conditions governing the RSUs are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "**Age Discrimination Rules**"). To the extent that a court or tribunal of competent jurisdiction determines that any provision of this Award Agreement is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local Laws.

6.18 Electronic Delivery. The Company may, in its sole discretion, deliver any documents related to the RSUs granted to the Participant under the Plan by electronic means. The Participant hereby expressly consents to receive such documents by electronic delivery and agrees to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company.

6.19 Governing Law; Jurisdiction. This Award Agreement shall be exclusively governed by, and construed in accordance with, the Laws of the State of Illinois without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Illinois or of any other jurisdiction) that would cause the application of the laws of a jurisdiction other than the State of Illinois. All disputes and controversies arising between the parties are to be submitted for determination exclusively to the federal or state courts of the State of Illinois and by accepting the grant of RSUs, the Participant expressly consents to the jurisdiction of such courts. Notwithstanding the foregoing, the Company may at its option seek interim and permanent injunctive relief before any

competent court, tribunal or judicial forum, which in the absence of the foregoing provision, would have jurisdiction to grant the relief sought.

6.20 **Entire Agreement.** The Plan, this Award Agreement (including any applicable addendum) and the Competition Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede, in their entirety, all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Award Agreement to be executed by a duly authorized officer and the Participant acknowledges and agrees that by clicking on the "Accept" box below this Award Agreement in the section "Your New Grant" on the screen titled "View Grant," Participant expressly agrees to be bound by the terms and conditions of this Award Agreement, and agrees that Participant's electronic signature or electronic acceptance of this Award Agreement constitutes the sole and exclusive means of executing this Award Agreement.

W.W. GRAINGER, INC.

/s/ D.G. Macpherson

Name: D.G. Macpherson

Title: Chairman & Chief Executive Officer

Appendix A

W.W. GRAINGER, INC.

2022 Incentive Plan

Non-U.S. Addendum to Restricted Stock Unit Award Agreement

In addition to the terms of the W.W. Grainger, Inc. 2022 Incentive Plan (as may be amended from time to time, the "**Plan**") and the Restricted Stock Unit Award Agreement (the "**Award Agreement**"), the RSUs are subject to the additional terms and conditions as set forth in this **Appendix A**, which is part of the Award Agreement (this "**Non-U.S. Addendum**"), to the extent the Participant resides or is employed in one of the countries addressed herein. This Non-U.S. Addendum also includes information about certain other issues of which a Participant should be aware with respect to the Participant's participation in the Plan.

The Non-U.S. Addendum is based upon the securities, tax, exchange control and other laws in effect in the respective countries as of **February 1, 2024**. All capitalized terms contained in this Non-U.S. Addendum shall have the same meaning as set forth in the Plan and the Award Agreement unless otherwise defined. By accepting the RSUs, the Participant agrees to be bound by the terms and conditions contained in the paragraphs below in addition to the terms of the Plan, the Award Agreement, and the terms of any other document that may apply to the Participant and the Participant's RSUs.

If the Participant transfers residence or employment to a country identified in this Non-U.S. Addendum, the additional terms and conditions for such country as reflected in this Non-U.S. Addendum will apply to the Participant to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the RSUs and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer). However, if the Participant is a citizen or resident of a country other than the one in which the Participant is currently working, transferred employment after the RSUs were granted to the Participant, or is considered a resident of another country for local law purposes, the information contained herein may not apply.

Finally, the information contained herein is general in nature and may not apply to a Participant's particular situation, and the Company is not in a position to assure the Participant of a particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to a Participant's situation.

COUNTRIES COVERED BY THIS APPENDIX A: Canada, Mexico, and the United Kingdom.

European Union ("EU") / European Economic Area ("EEA") / United Kingdom

The following provision replaces Section 6.13 to the extent the Participant is employed in the EU, EEA or the United Kingdom:

6.13 Data Privacy. The Company is located at 100 Grainger Parkway, Lake Forest, Illinois 60045, United States of America, and grants RSUs under the Plan to employees of the Company and its Subsidiaries in its sole discretion. In conjunction with the Company's grant of the RSUs under the Plan and its ongoing administration of such awards, the Company is providing the following information about its data collection, processing and transfer practices, which the Participant should carefully review.

i. **Data Collection, Processing and Usage.** The Company and the Employer will collect, process and use certain personal information about the Participant, specifically, the Participant's name, home address, email address and telephone number, date of birth, social security or insurance number, passport number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all RSUs or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor ("**Data**"), for the exclusive purpose of implementing, administering and managing the Plan. The Company collects, process and uses the Participant's Data pursuant to the Company's legitimate interest of administering the Participant's RSUs and generally managing the Plan, and to satisfy its contractual obligations under the Award Agreement. The Participant's Data also may be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded or regulatory filings are made. The Company's legal basis for such disclosure of the Participant's Data is to comply with applicable laws, rules and regulations.

ii. **Stock Plan Administration Service Providers.** The Company and the Employer transfer the Participant's Data to the Stock Plan Administrator based in the United States of America, which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different Stock Plan Administrator and share the Participant's Data with another company that serves in a similar manner. The Stock Plan Administrator will open an account for the Participant to receive and trade Shares acquired under the Plan. The Participant will be asked to agree to separate terms and data processing practices with the Stock Plan Administrator, which is a condition of the Participant's ability to participate in the Plan.

iii. **International Data Transfers.** The Company and the Stock Plan Administrator are based in the United States of America. The Participant should note that the Participant's country of residence may have enacted data privacy laws that are different from the United States of America. The Company's legal basis for the transfer

of the Participant's Data to the United States of America is to satisfy its contractual obligations under the Award Agreement.

iv. **Data Retention.** The Participant understands that the Participant's Data will be held only as long as is necessary to implement, administer and manage the Participant's RSU and participation in the Plan. When the Company no longer needs the Data, the Company will remove it from its systems. If the Company retains the Participant's Data longer, it would be to satisfy the Company's legal or regulatory obligations and the Company's legal basis would be for compliance with applicable laws, rules and regulations.

v. **Data Subject Rights.** The Participant understands that the Participant may have the right under applicable law to (i) access or copy the Participant's Data that the Company possesses, (ii) rectify incorrect Data concerning the Participant, (iii) delete the Participant's Data, (iv) restrict processing of the Participant's Data, (vi) lodge complaints with the competent supervisory authorities in the Participant's country of residence. To receive clarification regarding these rights or to exercise these rights, the Participant understands that the Participant can contact the Participant's local human resources representative.

Canada

Terms and Conditions

1. **Withholding Taxes.** Notwithstanding any provision in the Award Agreement to the contrary, if the Participant is a resident of Canada or otherwise subject to taxation in Canada on employment income, the Participant is prohibited from surrendering shares of Stock that he or she already owns or from attesting to the ownership of shares to satisfy any tax withholding obligations in connection with the RSUs.
2. **RSUs Payable in Shares Only.** Notwithstanding any provision in the Award Agreement or the Plan to the contrary, vested RSUs (and any dividend equivalents earned thereon) shall be payable in Shares only (and shall not be settled in cash).
3. **Termination of Employment.** For purposes of Section 2.02 of the Award Agreement, a "**Termination Date**" shall mean the date that is the earlier of (i) the date the Participant tenders notice of termination of employment from the Company or the Employer, or (ii) the date the Participant ceases to render actual services for the Company or the Employer, without regard to any notice period or period of pay in lieu of such notice required under local law (including, but not limited to, civil and/or common law, except as otherwise may be required to comply with minimum standards legislation ("**MSL**"), if applicable). Subject to compliance with MSL, the Company shall have sole discretion to determine when

the Participant is no longer actively employed for purposes of vesting of the RSUs and participation in the Plan. The Participant shall have no entitlement to damages or other compensation arising from, or related to, not receiving any awards which would have vested after the Termination Date, and the Participant hereby waives any claim for such damages or other compensation; it being understood that nothing herein is intended to limit any statutory termination entitlements, and such statutory entitlements shall, if required, apply despite anything herein to the contrary.

4. **Acknowledgement.** By accepting the RSUs subject to the Award Agreement through the Stock Plan Administrator's web portal (or its successor), the Participant declares that the Participant expressly agrees with the provisions regarding termination of employment described in the Plan, the Award Agreement (including, but not limited to, Sections 2.02, 2.03, and 2.04 thereof) and the special terms and conditions set forth in this Appendix A.
5. **Recoupment.** If the Participant's employment is subject to the laws of the province of Ontario, the consequences in Section 3.01 of the Agreement shall apply to the Participant, but also shall be modified if and only as necessary to comply with MSL. For clarity, it is understood

that where such Participant is not exempt from Ontario's statutory prohibition against non-competition covenants, the Participant need not comply with such portion of the Unfair Competition Agreement or other similar agreement or covenant which amounts to a prohibited non-competition covenant, and the lack of compliance shall not constitute misconduct by the Participant nor be subject to injunctive relief. However, the Participant shall remain subject to the cancellation and recoupment of Incentive Compensation as a mutually agreed upon financial consequence of the Participant engaging in competition.

Notifications

1. **Additional Restrictions on Resale.** In addition to the restrictions on resale and transfer noted in Plan materials, securities purchased under the Plan may be subject to certain restrictions on resale imposed by Canadian provincial securities laws. You are encouraged to seek legal advice prior to any resale of such securities. In general, participants resident in Canada may resell their securities in transactions carried out on exchanges outside of Canada and, in particular, you are generally permitted to sell shares acquired pursuant to the Plan through the designated broker appointed under the Plan, if any, provided that the Company is a "foreign issuer" that is not a reporting issuer in any jurisdiction of Canada and the sale of the shares acquired pursuant to the Plan takes place: (i) through an exchange, or a market, outside of Canada, on the distribution date; or (ii) to a person or company outside of Canada. For purposes hereof, a foreign issuer is an issuer that: (a) is not incorporated or existing pursuant to the laws of Canada or any jurisdiction of Canada; (b) does not have its head office in

Canada; and (c) does not have a majority of its executive officers or directors ordinarily resident in Canada.

2. **Foreign Asset Reporting Information.** Any foreign property (including Shares and RSUs acquired under the Plan) must be reported to the Canada Revenue Agency on form T1135 (Foreign Income Verification Statement) if the total cost of the Participant's foreign property exceeds C\$100,000 at any time in the year. The RSUs must be reported - generally at a nil cost - if the C\$100,000 cost threshold is exceeded because of other foreign property held. If Shares are acquired, their cost generally is the adjusted cost base ("ACB") of the Shares. The ACB would normally equal the fair market value of the Shares at the time of vesting, but if the Participant owns other Shares, this ACB may have to be averaged with the ACB of the other Shares. The form must be filed by April 30 of the following year. The Participant should consult with the Participant's personal tax advisor to determine the Participant's reporting requirements.
3. **Non-Qualified Securities.** The Shares to be issued or sold under the Award Agreement are "non-qualified securities" for purposes of the Income Tax Act (Canada).

Mexico

Terms and Conditions

Plan Document Acknowledgement

By accepting the RSUs, the Participant acknowledges that the Participant has received a copy of the Plan, has reviewed the Plan and the Award Agreement in their entirety, and fully understands and accepts all provisions of the Plan and the Award Agreement. In addition, by accepting the RSUs, the Participant acknowledges that the Participant has read and specifically and expressly approves the terms and conditions in Section 6.05 of the Award Agreement ("Nature of Grant"), in which the following is clearly described and established: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) neither the Company, the Employer nor any Subsidiary is responsible for any decrease in the value of the Shares underlying the RSUs.

Acuse de recibo del documento del Plan

Al aceptar las RSU, el Participante reconoce que ha recibido una copia del Plan, ha revisado el Plan y el Acuerdo en su totalidad, y comprende y acepta completamente todas las disposiciones del Plan y el Acuerdo. Además, al aceptar las RSU, el Participante reconoce

que el Participante ha leído y aprueba

específica y expresamente los términos y condiciones de la Sección 6.05 del Acuerdo ("Naturaleza de la Subvención"), en la que se describe y establece claramente lo siguiente: (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan y la participación en el Plan son ofrecidos por la Compañía de forma totalmente discrecional; (iii) la participación en el Plan es voluntaria; y (iv) ni la Compañía, el Empleador ni ninguna Subsidiaria son responsables de ninguna disminución en el valor de las Acciones subyacentes a las RSU.

Commercial Relationship

The Participant expressly recognizes that participation in the Plan and the Company's grant of the RSUs does not constitute an employment relationship between the Participant and the Company. The Participant has been granted RSUs as a consequence of the commercial relationship between the Company and the Employer, and the Employer is the Participant's sole employer. Based on the foregoing, (a) the Participant expressly recognizes that the Plan and the benefits derived from participation in the Plan do not establish any rights between the Participant and the Company or the Employer, (b) the Plan and the benefits derived from participation in the Plan are not part of the employment conditions and/or benefits provided by the Company or the Employer, and (c) any modifications or amendments to the Plan by the Company, or a termination of the Plan by the Company, shall not constitute a change or impairment of the terms and conditions of the Participant's employment with the Employer.

Relación Comercial

El Participante reconoce expresamente que la participación en el Plan y el otorgamiento de las RSU por parte de la Compañía no constituye una relación laboral entre el Participante y la Compañía. Al Participante se le han otorgado RSU como consecuencia de la relación comercial entre la Compañía y el Empleador, y el Empleador es el único empleador del Participante. Con base en lo anterior, (a) el Participante reconoce expresamente que el Plan y los beneficios derivados de la participación en el Plan no establecen ningún derecho entre el Participante y la Compañía o el Empleador, (b) el Plan y los beneficios derivados de la participación en el Plan no son parte de las condiciones de empleo y/o beneficios proporcionados por la Compañía o el Empleador, y (c) cualquier modificación o enmienda al Plan por parte de la Compañía, o una terminación del Plan por la Compañía, no constituirá un cambio o deterioro de los términos y condiciones del empleo del Participante con el Empleador.

Extraordinary Item of Compensation

The Participant expressly acknowledges and agrees that participation in the Plan is a result of the discretionary and unilateral decision of the Company, as well as the Participant's free and voluntary decision to participate in the Plan in accord with the

terms and conditions of the Plan, the Award Agreement, the Competition Agreement and this Addendum. As such, the Participant acknowledges and agrees that the Company may, in its sole discretion, amend and/or discontinue the Participant's participation in the Plan at any time and without any liability. The value of the RSUs are an extraordinary item of compensation outside the scope of the employment contract, if any. The RSUs are not a part of the Participant's regular or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits, or any similar payments, which are the exclusive obligations of the Employer.

Partida Extraordinaria de Compensación

El Ejecutivo reconoce y acepta expresamente que la participación en el Plan es el resultado de la decisión discrecional y unilateral de la Compañía, así como la decisión libre y voluntaria del Ejecutivo de participar en el Plan de acuerdo con los términos y condiciones del Plan, la Acuerdo, el Acuerdo de Competencia Desleal y este Addendum. Como tal, el Ejecutivo reconoce y acepta que la Compañía puede, a su exclusivo criterio, modificar y/o interrumpir la participación del Ejecutivo en el Plan en cualquier momento y sin responsabilidad alguna. El valor de las RSUs constituye una retribución extraordinaria fuera del ámbito del contrato de trabajo, si lo hubiere. Las RSU no forman parte de la compensación regular o esperada del Ejecutivo a los fines de calcular cualquier indemnización, renuncia, despido, pago por terminación del servicio, bonificaciones, premios por servicio prolongado, pensión o beneficios de jubilación o cualquier pago similar, que son exclusivos obligaciones del Empleador.

Notifications

There are no country-specific notifications.

United Kingdom

Terms and Conditions

Income Tax and Social Insurance Contribution Withholding

The following provision shall supplement Article IV of the Award Agreement:

Without limitation to Article IV of the Award Agreement, the Participant agrees that the Participant is liable for all Tax-Related Items (including, without limitation, United Kingdom income tax and primary class 1 (employee's) national insurance contributions for which the Participant's employer is liable to account) and hereby covenants to pay all such Tax-Related Items as and when requested by the Company or the Employer or by

His Majesty's Revenue and Customs ("HMRC") (or any other tax authority or any other relevant authority). As a condition of the issuance of Shares upon settlement of the RSUs, the Participant agrees that the Company will deduct from the total shares to be issued as a result of the Vesting of the RSUs a sufficient number of Shares to satisfy the required statutory withholding amount and national insurance or other contributions related to such vesting (the "**Withholding Tax Obligation**"), which may exceed the minimum statutory tax withholding amount permissible only if it would not cause adverse accounting or tax consequences for the Company or a Subsidiary, in which case the Participant will be taken to have foregone the right to be issued the number of Shares so withheld in order to make good the Withholding Tax Obligation. The Participant also agrees to indemnify and hold harmless the Company and the Employer against any taxes that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on the Participant's behalf.

It is a further condition of delivery of any Shares upon vesting of the RSUs that the Participant will, if required to do so by the Company, enter into a joint election under section 431(1) of the Income Tax (Earnings and Pensions) Act 2003 of the United Kingdom ("**ITEPA**"), the effect of which is that the Shares will be treated as if they were not restricted securities and that sections 425 to 430 of ITEPA will not apply to those shares.

Exclusion of Claim. The Participant acknowledges and agrees that the Participant will have no entitlement to compensation or damages, insofar as such entitlement arises or may arise from the Participant's ceasing to have rights under or to be entitled to vest in the RSUs as a result of such termination (whether the termination is in breach of contract or otherwise), or from the loss or diminution in value of the RSUs. Upon the grant of the RSUs, the Participant shall be deemed to have irrevocably waived any such entitlement.

Notifications

There are no country-specific notifications.

W.W. GRAINGER, INC.
2022 Incentive Plan
Performance Stock Unit Award Agreement

This Performance Stock Unit Award Agreement (this "**Award Agreement**"), dated as of April 1, 2024 (the "**Grant Date**"), is entered into between W.W. Grainger, Inc., an Illinois corporation (the "**Company**"), and you (the "**Participant**") as an Employee of the Company or a Subsidiary (collectively, the "**Employer**").

In consideration of the Participant's agreement to enter into a Confidentiality, Invention Assignment, Non-Competition and Non-Solicitation Agreement with the Company concurrently with this Award Agreement on the Grant Date (the "**Competition Agreement**"), the Company desires to grant the Participant an award of performance stock units (the "**PSUs**"), providing for the issuance of shares of the Company's common stock ("**Shares**") pursuant to the W.W. Grainger, Inc. 2022 Incentive Plan (as may be amended from time to time, the "**Plan**") subject to the Company's attainment of certain long-term performance goals and the Participant agrees to enter into the Competition Agreement and accept such PSUs on the terms and conditions set forth in this Award Agreement, the Plan and the Competition Agreement. Capitalized terms used but not defined in this Award Agreement have the meanings specified in the Plan.

In consideration of the mutual provisions set forth in this Award Agreement and in the Competition Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
Grants

1.01 Grant. Subject to the terms and conditions of this Award Agreement, the Plan and the Competition Agreement (the terms of which are hereby incorporated herein by reference) and effective on the Grant Date, the Company hereby grants to the Participant the number of PSUs (the "**Target PSUs**") as specified in the April 1, 2024 award grant notice posted to the Participant's electronic investment account maintained with Morgan Stanley Smith Barney LLC, the stock plan service provider engaged by the Company in connection with the administration of the Plan (the "**Stock Plan Administrator**"). Each PSU represents a contractual right to receive one (1) Share upon the satisfaction of the terms and conditions of this Award Agreement. The actual number of PSUs that may become vested and settled pursuant to this Award Agreement will depend on the Company's achievement of the performance metrics defined and reflected in Exhibit I to this Award Agreement (the "**Performance Metrics**") during the period of January 1, 2024 through December 31, 2026 (the "**Measurement Period**"), as shall be determined and certified by the Committee in its sole discretion. The

Committee's determination and certification shall be final and conclusive, and until the Committee has made such determination and certification, none of the Performance Metrics will be considered to have been satisfied. The Target PSUs will be equally apportioned to each Performance Metric (and reflected in Exhibit I of this Award Agreement).

ARTICLE II

Provisions Relating to PSUs

2.01 Vesting of PSUs. Subject to the terms and conditions set forth in the Plan and this Award Agreement, the Target PSUs shall vest as determined pursuant to the terms of Exhibit I, which is incorporated by reference herein and made a part of this Award Agreement; provided that (except as otherwise set forth in this Article II) the Target PSUs shall not vest unless the Participant remains continuously employed by the Employer (or any other Subsidiary or Affiliate) from the Grant Date through the third anniversary of the Grant Date (the "**PSU Vesting Date**"). Any PSUs that do not vest shall be forfeited, and the Participant shall have no further rights with respect to such PSUs. Each PSU that becomes vested as provided herein shall be settled in accordance with Section 2.06.

2.02 Effect of Termination of Employment. Except as otherwise stated in the Plan, if the Participant's employment or service is terminated prior to the PSU Vesting Date for any reason whatsoever other than the Participant's involuntary termination without Cause or for the Participant's death, Disability or Retirement (defined below), the Target PSUs shall be forfeited in their entirety as of the Participant's Termination Date. If the Participant is a resident of, or employed in, the United States, "**Termination Date**" shall mean the effective date of termination of the Participant's employment. If the Participant is a resident of, or employed outside of, the United States, "**Termination Date**" shall mean the earliest of (i) the date on which notice of termination is provided to the Participant, (ii) the last day of the Participant's active service with the Employer or (iii) the last day on which the Participant is an employee of the Employer, as determined in each case without including any required advanced notice period and irrespective of the status of the termination under local labor or employment laws. For purposes of this Award Agreement, "**Cause**" shall have the same meaning as defined in the Plan, subject to modification as may be required to conform to the laws, rules and regulations ("**Laws**") of the Participant's country of residence (and country of employment, if different).

2.03 Effect of Involuntary Termination without Cause. If the Participant's employment or service is involuntarily terminated prior to the PSU Vesting Date for reasons other than Cause, the Participant will become vested in a pro-rata portion of the Target PSUs based upon the Company's achievement of the Performance Metrics. For purposes of the foregoing, the pro-rata shall be determined based upon a fraction, the numerator of which will be the number of full calendar months from the Grant Date to the Participant's Termination Date, and the denominator shall equal the number of full

calendar months in the Measurement Period. Each actual PSU that becomes vested as provided herein shall be settled in accordance with Section 2.06.

2.04 Effect of Termination due to Death or Disability. If the Participant's employment or service is terminated prior to the PSU Vesting Date due to death or Disability, the Participant immediately will become vested in the number of PSUs equal to the Target PSUs. For purposes of this Award Agreement, "**Disability**" shall have the same meaning as defined in the Plan, subject to modification as may be required to conform to the Laws of the Participant's country of residence (and country of employment, if different). For the sake of clarity, the date of the Participant's death or Disability shall be a PSU Vesting Date. Upon such PSU Vesting Date, the Company shall, as soon as practicable (but in no event later than 60 days following the applicable PSU Vesting Date), settle the vested PSUs by registering Shares in the Participant's name and delivering such Shares to the Participant's electronic stock plan account maintained by the Stock Plan Administrator; provided that such settlement shall remain subject to the Committee's discretion, and the policies and procedures as it may adopt from time to time, as set forth in Section 2.06.

2.05 Effect of Retirement of the Participant. If the Participant's employment or service is terminated prior to the PSU Vesting Date due to the Participant's Retirement, the PSUs shall continue to vest and shall be settled in accordance with Sections 2.01 and 2.06. For purposes of this Award Agreement, "**Retirement**" shall mean the Participant's retirement of employment with the Company and its Subsidiaries on or after the Participant's (i) completion of at least 25 years of service with the Company and its Subsidiaries, (ii) completion of at least 20 years of service with the Company and its Subsidiaries and attainment of age 55, or (iii) completion of at least five (5) years of service with the Company and its Subsidiaries and attainment of age 60.

2.06 Settlement of Vested PSUs. Following the date on which the Committee certifies the Company's achievement of the Performance Metrics and determines the actual number of PSUs that vest pursuant to the achievement of the Performance Metrics, the Company shall, as soon as practicable

(but in no event later than 60 days following the PSU Vesting Date), settle the vested PSUs by registering Shares in the Participant's name and delivering such Shares to the Participant's electronic stock plan account maintained by the Stock Plan Administrator. At the discretion of the Committee, and subject to such policies and procedures as it may adopt from time to time, the Participant's PSU may be settled in the form of: (i) cash, to the extent settlement in Shares (a) is prohibited under applicable Laws, (b) would require the Participant, the Company or the Employer to obtain the approval of any governmental and/or regulatory body in the Participant's country of residence (and country of employment, if different), or (c) is administratively burdensome or (ii) Shares, but the Company may require the Participant to immediately sell such Shares if necessary to comply with applicable Laws (in which case, the Participant hereby expressly authorizes the Company to issue sales instructions in relation to such Shares on the Participant's behalf).

2.07 Dividend Equivalents. No dividend equivalents will be paid on the Shares underlying the PSUs.

ARTICLE III

Recoupment

3.01 Recoupment in Event of Misconduct. If the Company determines that the Participant has committed or engaged in misconduct against the Company or has engaged in any criminal conduct, including embezzlement, fraud or theft, that involves or is related to the Company, or any other conduct that violates Company policy, causes or is discovered to have caused, any loss, damage, injury or other endangerment to the Company's property or reputation, and such Participant has received or is entitled to receive performance stock units, performance restricted stock units, stock options, restricted stock units or cash incentive compensation (collectively, "**Incentive Compensation**"), then the Company shall have the right to cancel the Incentive Compensation, require the return of Shares acquired under the Plan, recapture any gain realized upon the sale of Shares acquired under the Plan or take any other action it deems appropriate under the circumstances with respect to recouping the Incentive Compensation. The Company shall have sole discretion in determining whether the Participant's conduct was in compliance with applicable Law or Company policy and the extent to which the Company will seek recovery of the Incentive Compensation notwithstanding any other remedies available to the Company. If the Participant engages in misconduct or is believed to have engaged in misconduct, including but not limited to any violation of any of Participant's obligations under the Competition Agreement, the Company shall be entitled to take the actions outlined above for recouping the Incentive Compensation, as the Company deems appropriate under the circumstances.

3.02 Recoupment in Event of Materially Inaccurate Financial Results. If the Company has publicly filed inaccurate financial results (the "**Subject Financials**"), whether or not they result in a restatement, the Company may recover any Incentive Compensation (a) that was paid or settled to the Participant during the period covered by the Subject Financials as set forth herein, or (b) as otherwise may be required by any applicable Laws or listing standard adopted by the New York Stock Exchange. If the payment or settlement of Incentive Compensation would have been lower had the achievement of applicable financial performance goals been calculated based on restated financial results with respect to the Subject Financials, the Company may, if it determines it appropriate in its sole discretion, recover the portion of the paid or settled Incentive Compensation in excess of the payment or settlement that would have been made based on restated financial results or as otherwise may be required by any applicable Laws or listing standard adopted by the New York Stock Exchange. The Company will not seek to recover Incentive Compensation received or settled more than three (3) years after the date of the initial filing that contained the Subject Financials or any longer period as may be required by any applicable Law or listing standard adopted by the New York Stock Exchange.

3.03 Recoupment in Event of Error. If the Participant receives any amount in excess of what the Participant should have received under the terms of this Award Agreement for any reason (including, without limitation, by reason of a mistake in calculations or administrative error), all as determined by the Committee, then the Company shall have the right to cancel the Incentive Compensation, require the return of Shares acquired under the Plan, recapture any gain realized upon the sale of Shares acquired under the Plan or take any other action it deems appropriate under the circumstances with respect to recouping the Incentive Compensation.

3.04 Implementation. For purposes of this **Article III**, the Participant expressly authorizes the Company to issue instructions, on behalf of the Participant, to the Stock Plan Administrator (and/or any other brokerage firm/third party service provider engaged by the Company to hold Shares and other amounts acquired under the Plan) to re-convey, transfer or otherwise return to the Company any Incentive Compensation (whether paid in the form of cash or Shares) subject to recoupment hereunder. The Participant acknowledges and agrees that the Company's rights hereunder shall not be affected in any way by any subsequent change in the Participant's status, including retirement or termination of employment (including due to death or Disability). The Participant expressly agrees to indemnify and hold the Company and the Employer harmless from any loss, cost, damage, or expense (including attorneys' fees) that the Company or the Employer may incur as a result of the Participant's actions or in the Company and the Employer's efforts to recover such previously made payments or value pursuant to this **Article III**.

3.05 Forfeiture. To the extent any of the events set forth in this **Article III** occur before the Participant receives any Incentive Compensation due hereunder, any such Incentive Compensation shall be forfeited as determined by the Company in its sole discretion.

3.06 Recoupment Policy. Notwithstanding anything in this Award Agreement to the contrary, the Participant acknowledges and agrees that this Award Agreement and the award described herein (and any settlement thereof) are subject to the terms and conditions of the Company's clawback policy or policies (if any) as may be in effect from time to time, including specifically to implement Section 10D of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and any applicable rules or regulations promulgated thereunder (including applicable rules and regulations of any national securities exchange on which the Shares at any point may be traded) (the "**Compensation Recovery Policy**"), and that applicable terms of this Award Agreement shall be deemed superseded by and subject to the terms and conditions of the Compensation Recovery Policy from and after the effective date thereof. By accepting this award under the Plan and pursuant to this Award Agreement, the Participant consents to be bound by the terms of the Compensation Recovery Policy, to the extent applicable to the Participant, and agrees and acknowledges to fully cooperate with and assist the Company in connection with any of the Participant's obligations to the Company pursuant to the Compensation Recovery Policy, and agrees that the

Company may enforce its rights under the Compensation Recovery Policy through any and all reasonable means permitted under applicable law as it deems necessary or desirable under the Compensation Recovery Policy, in each case from and after the effective dates thereof. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to facilitate the recovery or recoupment by the Company from the Participant of any such amounts, including from the Participant's accounts or from any other compensation, to the extent permissible under Section 409A of the Internal Revenue Code ("**Code**").

ARTICLE IV

Tax

4.01 Tax-Related Items. Regardless of any action the Company or the Employer takes with respect to any or all income tax (including U.S. federal, state and local taxes or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("**Tax-Related Items**"), the Participant acknowledges and agrees that the ultimate liability for all Tax-Related Items legally due by the Participant is and remains the Participant's responsibility and that the Company and the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the PSU, including the grant of the PSU, the vesting of the PSU, the subsequent sale of any Shares acquired pursuant to the PSU and the receipt of any dividends and (ii) do not commit to structure the terms of the grant or any aspect of the PSU to reduce or eliminate the Participant's liability for Tax-Related Items.

4.02 Tax Withholding Obligations. Prior to the delivery of Shares (or cash) upon the vesting of the PSU, if the Participant's country of residence (and country of employment, if different) requires withholding of Tax-Related Items, the Company shall withhold a sufficient number of whole Shares

otherwise issuable upon the vesting of the PSU that have an aggregate Fair Market Value sufficient to pay the Tax-Related Items required to be withheld with respect to the Shares or the cash equivalent. The Company may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case the Company shall make a cash payment to the Participant equal to the over-withheld amount, if applicable, as soon as administratively practicable. The cash equivalent of the Shares withheld will be used to settle the obligation to withhold the Tax-Related Items. In the event that the withholding of Shares is prohibited under applicable Law or otherwise may trigger adverse consequences to the Company or the Employer, the Company and the Employer may withhold the Tax-Related Items required to be withheld with respect to the Shares in cash from the Participant's regular salary and/or wages or any other amounts payable to the Participant, or may require the Participant to personally make payment of the Tax-Related Items required to be withheld. In the event the withholding requirements are not satisfied through the withholding of Shares by the Company or through the withholding of cash from the Participant's regular salary and/or wages or other amounts payable to the Participant, no Shares will be issued to the Participant (or the Participant's estate) upon vesting of

the PSU unless and until satisfactory arrangements (as determined by the Committee) have been made by the Participant with respect to the payment of any Tax-Related Items that the Company or the Employer determines, in its sole discretion, must be withheld or collected with respect to such PSUs. If the obligation for the Participant's Tax-Related Items is satisfied by withholding a number of Shares as described herein, the Participant shall be deemed to have been issued the full number of Shares issuable upon vesting, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items due as a result of the vesting or any other aspect of the PSU.

The Participant will pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of the Participant's participation in the Plan or the Participant's acquisition of Shares that cannot be satisfied by the means described in this [Article IV](#). The Company may refuse to deliver any Shares due upon vesting of the PSU if the Participant fails to comply with the Participant's obligations in connection with the Tax-Related Items as described herein. If the Participant is subject to taxation in more than one jurisdiction, the Participant acknowledges that the Company, the Employer or one or more of their respective Subsidiaries may be required to withhold or account for Tax-Related Items in more than one jurisdiction. The Participant hereby consents to any action reasonably taken by the Company and the Employer to meet the Participant's obligation for Tax-Related Items. By accepting this grant of the PSU, the Participant expressly consents to the withholding of Shares and/or withholding from the Participant's regular salary and/or wages or other amounts payable to the Participant as provided for hereunder. All other Tax-Related Items related to the PSU and any Shares delivered in payment thereof are the Participant's sole responsibility.

ARTICLE V

International Arrangements

5.01 Exchange Controls. As a condition to this PSU award, the Participant agrees to comply with any applicable foreign exchange Laws and hereby consents to any necessary, appropriate or advisable actions taken by the Company, the Employer or any of their respective Subsidiaries as may be required to comply with any applicable Laws of the Participant's country of residence (and country of employment, if different).

5.02 Foreign Asset and Account Reporting Requirements. The Participant acknowledges that there may be certain foreign asset and/or account reporting requirements, which may affect the Participant's ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends or dividend equivalent payments) in a brokerage or bank account outside the Participant's country of residence (and country of employment, if different). The Participant may be required to report such accounts, assets or transactions to the tax or other authorities in the Participant's country of residence (and country of employment, if

different). The Participant acknowledges and agrees that it is the Participant's personal responsibility to be compliant with such Laws.

5.03 Non-U.S. Addendum. Notwithstanding any provisions of this Award Agreement to the contrary, the PSUs shall be subject to any special terms and conditions for the Participant's country of residence (and country of employment, if different) set forth in the addendum to this Award Agreement, attached hereto as **Appendix A ("Non-U.S. Addendum")**. If the Participant transfers residence and/or employment to another country reflected in the Non-U.S. Addendum at the time of transfer, the special terms and conditions for such country will apply to the Participant to the extent the Company determines, in its sole discretion, that the application of such special terms and conditions is necessary or advisable in order to comply with local Laws or to facilitate the operation and administration of the PSUs and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer). In all circumstances, the Non-U.S. Addendum shall constitute part of this Award Agreement.

5.04 Controlling Language. If the Participant is in a country where English is not an official language, the Participant acknowledges that the Participant is sufficiently proficient in English to understand the terms and conditions of this Award Agreement or has had the ability to consult with an advisor who is sufficiently proficient in the English language. The Participant acknowledges and agrees that it is the Participant's express intent that this Award Agreement, the Plan, the Competition Agreement and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the PSUs be drawn up in English. If the Participant has received this Award Agreement, the Plan, the Competition Agreement or any other documents related to the PSUs translated into a language other than English and the meaning of any translated version is different than the English version, the English version will control unless otherwise provided in the non-English version of the agreement.

ARTICLE VI

Miscellaneous

6.01 Restriction on Transferability. Except to the extent expressly provided in the Plan or this Award Agreement, the PSUs may not be sold, transferred, pledged, assigned, or otherwise alienated at any time other than by will or by the laws of descent and distribution. Any attempt to do so contrary to the provisions hereof shall be null and void. Notwithstanding the foregoing, the Committee may permit, in its sole discretion, the Participant to transfer the PSUs to a member of the Participant's immediate family or trust, a partnership or other entity for the benefit of the Participant or the members of the Participant's immediate family; provided, however, that the Participant retains beneficial ownership of any such PSUs. For purposes hereof, "immediate family" has the meaning ascribed thereto in Rule 16(a)-1 of the Exchange Act, and "beneficial owner" has the meaning ascribed thereto in Rule 13d-3 of the Exchange Act.

6.02 Rights as Shareholder. The Participant shall not have voting or any other rights as a shareholder of the Company with respect to the Shares issuable upon the vesting of PSUs until the date of issuance of such Shares. Upon settlement of the PSU, the Participant will obtain, with respect to the Shares received in such settlement, full voting and other rights as a shareholder of the Company.

6.03 Administration. The Committee shall have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation, and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Participant, the Company, and all other Persons. No member of the Committee shall be personally liable for any action, determination, or interpretation made in good faith with respect to the Plan or this Award Agreement.

6.04 No Employment Rights. This Award Agreement and the Participant's participation in the Plan are not and shall not be interpreted to: (i) form an employment contract or relationship with the Company, the Employer or any of their respective Subsidiaries; (ii) confer upon the Participant any right to continue in the employ of the Company, the Employer or any of their respective Subsidiaries; or (iii) interfere with the ability of the Company, the Employer or any of their respective Subsidiaries to terminate the Participant's employment at any time.

6.05 Nature of Grant. In accepting the grant hereunder, the Participant acknowledges and agrees that: (i) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time; (ii) the Participant has

read the Plan and any PSUs granted under it shall be subject to all of the terms and conditions of the Plan, including but not limited to the power of the Committee to interpret and determine the terms and provisions of the Plan and this Award Agreement and to make all determinations necessary or advisable for the administration of the Plan, all of which interpretations and determinations shall be final and binding; (iii) the PSU does not create any contractual or other right to receive future grants of PSUs, benefits in lieu of PSUs, or any other Plan benefits in the future; (iv) nothing contained in this Award Agreement is intended to create or enlarge any other contractual obligations between the Company or the Employer and the Participant; (v) any grant under the Plan, including any grant of PSUs, is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long service option, pension, or retirement benefits or similar payments; (vi) the Participant is voluntarily participating in the Plan; (vii) the future value of the Shares underlying the PSUs granted hereunder is unknown and cannot be predicted with certainty; (viii) none of the Company, the Employer or any of their respective Subsidiaries shall be liable for any change in value of the PSUs, the amount realized upon settlement of the PSUs or the amount realized upon a subsequent sale of any Shares acquired upon settlement of the PSUs, resulting from any fluctuation of the United States Dollar/local currency foreign exchange rate,

and (ix) the PSUs and the underlying Shares are not granted to the Participant for prior services rendered to the Company, the Employer or any Subsidiaries. Without limiting the generality of the foregoing, the Committee shall have the discretion to adjust the terms and conditions of any award of PSUs to correct for any windfalls or shortfalls in such PSUs which, in the Committee's determination, arise from factors beyond the Participant's control; provided, however, that the Committee's authority with respect to any Award to a "covered employee," as defined in Section 162(m)(3) of the Code, shall be limited to decreasing, and not increasing, such PSU.

6.06 Compliance with Law. The Company shall not be required to issue or deliver any Shares pursuant to this Award Agreement pending compliance with all applicable Laws (including any registration requirements or tax withholding requirements) and compliance with the Laws and practices of any stock exchange or quotation system upon which the Shares are listed or quoted. If the Participant resides or is employed outside of the United States, the Participant agrees, as a condition of the grant of the PSUs, to repatriate all payments attributable to the Shares and/or cash acquired under the Plan (including, but not limited to, dividends and any proceeds derived from the sale of Shares acquired pursuant to the PSUs) if required by and in accordance with local Laws in the Participant's country of residence (and country of employment, if different). In addition, the Participant also agrees to take any and all actions, and consent to any and all actions taken by the Company, its Subsidiaries and the Employer, as may be required to allow the Company, its Subsidiaries and the Employer to comply with local Laws in the Participant's country of residence (and country of employment, if different). Finally, the Participant agrees to take any and all actions as may be required to comply with the Participant's personal legal and tax obligations under local Laws in the Participant's country of residence (and country of employment, if different).

6.07 Amendment. This Award Agreement may be amended by a writing which specifically states that it is amending this Award Agreement executed by (i) the Company and the Participant, (ii) the Company (at the discretion of the Committee), so long as a copy of such amendment is delivered to the Participant, and provided that no such amendment having a material adverse effect on the rights of the Participant hereunder may be made without the Participant's written consent or (iii) the Company (at the discretion of the Committee) in any way it may deem necessary or advisable to carry out the purpose of the grant as a result of any change in applicable Laws or any future Laws or judicial decisions.

6.08 Notices. Any notice to be given under the terms of this Award Agreement to the Company shall be addressed to the Company in care of its Corporate Secretary. Any notice to be given to the Participant shall be addressed to the Participant at the address listed in the Employer's records or to the Participant's electronic investment account held at the Stock Plan Administrator. By a notice given pursuant to this [Section 6.08](#), either party may designate a different address for notices. Any notice shall have been deemed given when actually delivered.

6.09 Severability. If all or any part of this Award Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Award Agreement or the Plan not declared to be unlawful or invalid. Any provision of this Award Agreement (or part of such provision) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such provision (or part of such provision) to the fullest extent possible while remaining lawful and valid.

6.10 Construction. The PSUs are being issued pursuant to Article 9 (Performance Shares/Performance Units) of the Plan. The PSUs are subject to the terms of the Plan. The Participant acknowledges receipt of the Plan booklet which contains the entire Plan, and the Participant represents and warrants that the Participant has read the Plan. Additional copies of the Plan are available upon request during normal business hours at the principal executive offices of the Company. To the extent that any provision of this Award Agreement violates or is inconsistent with an express provision of the Plan, the Plan provision shall govern and any inconsistent provision in this Award Agreement shall be of no force or effect. The words "including," "includes," or "include" are to be read as listing non-exclusive examples of the matters referred to, whether or not words such as "without limitation" or "but not limited to" are used in each instance.

6.11 Waiver of Right to Jury Trial. **EACH OF THE PARTIES KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THE PSUs, THE PLAN OR THIS AWARD AGREEMENT.**

6.12 Waiver; No Third Party Beneficiaries. A waiver by the Company of a breach of any provision of this Award Agreement by the Participant shall not operate or be construed as a waiver of any other provision of this Award Agreement, or of any subsequent breach by the Participant. This Award Agreement shall not be construed to create any third party beneficiary rights.

6.13 Data Privacy. The Company is located at 100 Grainger Parkway, Lake Forest, Illinois 60045, United States of America, and grants PSUs under the Plan to employees of the Company and its Subsidiaries in its sole discretion. In conjunction with the Company's grant of the PSUs under the Plan and its ongoing administration of such awards, the Company is providing the following information about its data collection, processing and transfer practices. In accepting the grant of the PSU, the Participant expressly and explicitly consents to the personal data activities as described herein.

- i. **Data Collection, Processing and Usage.** The Company and the Employer will collect, process and use certain personal information about the Participant, specifically, the Participant's name, home address, email address and telephone number, date of birth, social security or insurance number, passport number or other identification number, salary, nationality, job title, any Shares or

directorships held in the Company, details of all PSUs or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor ("**Data**"), for the purpose of implementing, administering and managing the Plan. The Company's legal basis for the collection, processing and use of the Participant's Data is the Participant's consent. The Participant's Data also may be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded, or regulatory filings are made. The Company's legal basis for such disclosure of the Participant's Data is to comply with applicable laws, rules and regulations.

- ii. **Stock Plan Administration Service Providers.** The Company and the Employer transfer the Participant's Data to the Stock Plan Administrator based in the United States of America, which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different Stock Plan Administrator and share the Participant's Data with another company that serves in a similar manner. The Stock Plan Administrator will open an account for the Participant to receive and trade Shares acquired under the Plan. The Participant will be asked to agree to separate terms and data processing practices with the Stock Plan Administrator, which is a condition of the Participant's ability to participate in the Plan.
- iii. **International Data Transfers.** The Company and the Stock Plan Administrator are based in the United States of America. The Participant should note that the Participant's country of residence may have enacted data privacy laws that are different from the United States of America. The Company's legal basis for the transfer of the Participant's Data to the United States of America is the Participant consent.

- iv. **Voluntariness and Consequences of Consent, Denial or Withdrawal.** The Participant's participation in the Plan and the Participant's grant of consent hereunder is purely voluntary. The Participant may deny or withdraw the Participant's consent at any time. If the Participant does not consent, or if the Participant later withdraws the Participant's consent, the Participant may be unable to participate in the Plan. This would not affect the Participant's existing employment or salary; instead, the Participant merely may forfeit the opportunities associated with participation in the Plan.
- v. **Data Retention.** The Participant understands that the Participant's Data will be held only as long as is necessary to implement, administer and manage the Participant's PSU and participation in the Plan; provided that the Company may hold the Participant's Data for longer periods of time consistent with its retention policies and practices with respect to employee data.
- vi. **Data Subject Rights.** The Participant understands that the Participant may have the right under applicable law to (i) access or copy the Participant's Data that the

Company possesses, (ii) rectify incorrect Data concerning the Participant, (iii) delete the Participant's Data, (iv) restrict processing of the Participant's Data, (v) lodge complaints with the competent supervisory authorities in the Participant's country of residence. To receive clarification regarding these rights or to exercise these rights, the Participant understands that the Participant can contact the Participant's local human resources representative.

6.14 Private Placement. The grant of the PSUs is not intended to be a public offering of securities in the Participant's country of residence (and country of employment, if different). The Company has not submitted any registration statement, prospectus or other filing with the local securities authorities (unless otherwise required under local Laws).

6.15 No Advice Regarding Grant. The Company and the Employer are not providing any tax, legal or financial advice, nor is the Company or the Employer making any recommendations regarding the PSU, the Participant's participation in the Plan or the Participant's acquisition or sale of the underlying Shares. The Participant is hereby advised to consult with the Participant's own personal tax, legal and financial advisors regarding participation in the Plan before taking any action related to the Plan or this Award Agreement.

6.16 Securities Law Restrictions. The Participant acknowledges that, depending on the Participant's country of residence (and country of employment, if different) or where the Shares are listed, the Participant shall be subject to insider trading restrictions and/or market abuse Laws, which may affect the Participant's ability to acquire, sell or otherwise dispose of Shares, rights to Shares (e.g., PSUs) or rights linked to the value of Shares during such times as the Participant is considered to have "inside information" regarding the Company or its business (as defined by the local Laws in the Participant's country of residence and/or employment). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant placed before the Participant possessed inside information. Furthermore, the Participant could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties (including other employees of the Company and its Subsidiaries) or causing them otherwise to buy or sell securities. Any restrictions under these Laws are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading or other policy. The Participant solely is responsible for ensuring compliance with any applicable restrictions and should consult with the Participant's personal legal advisor on this matter.

6.17 EU Age Discrimination Rules. If the Participant is a local national of and employed in the United Kingdom or a country that is a member of the European Union, the grant of the PSUs and the terms and conditions governing the PSUs are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "**Age Discrimination Rules**"). To the extent that a court or tribunal of competent jurisdiction determines that any provision of

this Award Agreement is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local Laws.

6.18 Electronic Delivery. The Company may, in its sole discretion, deliver any documents related to the PSUs granted to the Participant under the Plan by electronic means. The Participant hereby expressly consents to receive such documents by electronic delivery and agrees to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company.

6.19 Governing Law; Jurisdiction. This Award Agreement shall be exclusively governed by, and construed in accordance with, the Laws of the State of Illinois without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Illinois or of any other jurisdiction) that would cause the application of the laws of a jurisdiction other than the State of Illinois. All disputes and controversies arising between the parties are to be submitted for determination exclusively to the federal or state courts of the State of Illinois and by accepting the grant of PSUs, the Participant expressly consents to the jurisdiction of such courts. Notwithstanding the foregoing, the Company may at its option seek interim and permanent injunctive relief before any competent court, tribunal or judicial forum, which in the absence of the foregoing provision, would have jurisdiction to grant the relief sought.

6.20 Entire Agreement. The Plan, this Award Agreement (including any applicable addendum) and the Competition Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede, in their entirety, all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Award Agreement to be executed by a duly authorized officer and the Participant acknowledges and agrees that by clicking on the "Accept" box below this Award Agreement in the section "Your New Grant" on the screen titled "View Grant," Participant expressly agrees to be bound by the terms and conditions of this Award Agreement, and agrees that Participant's electronic signature or electronic acceptance of this Award Agreement constitutes the sole and exclusive means of executing this Award Agreement.

W.W. GRAINGER, INC.

/s/ D.G. Macpherson

Name: D.G. Macpherson

Title: Chairman & Chief Executive Officer

EXHIBIT I

Performance Metrics for April 1, 2024 Grant Date

Measurement Period: January 1, 2024 to December 31, 2026

The actual number of the Target PSUs that vest and which shall be settled pursuant to Section 2.06 of this Award Agreement shall be determined based upon the achievement of the following three (3) Performance Metrics, each of which shall be equally weighted (each 1/3) and which shall be determined and certified by the Committee in its sole discretion.

For purposes of the foregoing, the aggregate payout percentage shall be computed as the aggregate of (A) the U.S. Share Gain Payout Percentage multiplied by 1/3 (B) the Endless Assortment Business Daily Sales Growth Payout Percentage multiplied by 1/3, and (C) the Total Company Adjusted Operating Margin Payout Percentage multiplied by 1/3.

A. Performance Metric - Share Gain

Targets for Performance Metric	
Target	U.S. Share Gain Payout Percentage
Less than 100 basis points	0%
100 basis points to 300 basis points	0% to 80%
300 basis points to 400 basis points	80% to 100%
400 basis points to 600 basis points	100%
600 basis points to 700 basis points	100% to 120%
700 basis points to 1,000 basis points	120% to 200%
Greater than 1,000 basis points	200% (maximum)

B. Performance Metric - Endless Assortment Daily Sales Growth

Targets for Performance Metric	
Target	Endless Assortment Daily Sales Growth Payout Percentage
0%	0%
0% to 5%	0% to 80%
5% to 10%	80% to 100%
10% to 15%	100%
15% to 20%	100% to 120%
20% to 25%	120% to 200%
Greater than 25%	200% (maximum)

C. Performance Metric - Operating Margin

Targets for Performance Metric	
Target	Total Company Adjusted Operating Margin Payout Percentage
Less than -30 basis points	0%
-30 basis points to - 10 basis points	0% to 80%
-10 basis points to 10 basis points	80% to 100%
10 basis points to 30 basis points	100%
30 basis points to 50 basis points	100% to 120%
50 basis points to 70 basis points	120% to 200%
Greater than 70 basis points	200% (maximum)

Appendix A

W.W. GRAINGER, INC. 2022 Incentive Plan

Non-U.S. Addendum to Performance Stock Unit Award Agreement

In addition to the terms of the W.W. Grainger, Inc. 2022 Incentive Plan (as may be amended from time to time, the "**Plan**") and the Performance Stock Unit Award Agreement (the "**Award Agreement**"), the PSUs are subject to the additional terms and conditions as set forth in this **Appendix A**, which is part of the Award Agreement (this "**Non-U.S. Addendum**"), to the extent the Participant resides or is employed in one of the countries addressed herein. This Non-U.S. Addendum also includes information about certain other issues of which a Participant should be aware with respect to the Participant's participation in the Plan.

The Non-U.S. Addendum is based upon the securities, tax, exchange control and other laws in effect in the respective countries as of **February 1, 2024**. All capitalized terms contained in this Non-U.S. Addendum shall have the same meaning as set forth in the Plan and the Award Agreement unless otherwise defined. By accepting the PSUs, the Participant agrees to be bound by the terms and conditions contained in the paragraphs below in addition to the terms of the Plan, the Award Agreement, and the terms of any other document that may apply to the Participant and the Participant's PSUs.

If the Participant transfers residence or employment to a country identified in this Non-U.S. Addendum, the additional terms and conditions for such country as reflected in this Non-U.S. Addendum will apply to the Participant to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the PSUs and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer). However, if the Participant is a citizen or resident of a country other than the one in which the Participant is currently working, transferred employment after the PSUs were granted to the Participant, or is considered a resident of another country for local law purposes, the information contained herein may not apply.

Finally, the information contained herein is general in nature and may not apply to a Participant's particular situation, and the Company is not in a position to assure the Participant of a particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to a Participant's situation.

COUNTRY COVERED BY THIS APPENDIX A: Canada

Canada

Terms and Conditions

- Withholding Taxes.** Notwithstanding any provision in the Award Agreement to the contrary, if the Participant is a resident of Canada or otherwise subject to taxation in Canada on employment income, the Participant is prohibited from surrendering shares of Stock that he or she already owns or from attesting to the ownership of shares to satisfy any tax withholding obligations in connection with the PSUs.
- PSUs Payable in Shares Only.** Notwithstanding any provision in the Award Agreement or the Plan to the contrary, vested PSUs shall be payable in Shares only (and shall not be settled in cash).
- Termination of Employment.** For purposes of Section 2.02 of the Award Agreement, a “**Termination Date**” shall mean the date that is the earlier of (i) the date the Participant tenders notice of termination of employment from the Company or the Employer, or (ii) the date the Participant ceases to render actual services for the Company or the Employer, without regard to any notice period or period of pay in lieu of such notice required under local law (including, but not limited to, civil and/or common law, except as otherwise may be required to comply with minimum standards legislation (“**MSL**”), if applicable). Subject to compliance with MSL, the Company shall have sole discretion to determine when the Participant is no longer actively employed for purposes of vesting of the PSUs and participation in the Plan. The Participant shall have no entitlement to damages or other compensation arising from, or related to, not receiving any awards which would have vested after the Termination Date, and the Participant hereby waives any claim for such damages or other compensation; it being understood that nothing herein is intended to limit any statutory termination entitlements, and such statutory entitlements shall, if required, apply despite anything herein to the contrary.
- Alternative Vesting of Performance Stock Units.** For purposes of Sections 2.02 and 2.03 of the Award Agreement, and only where the Participant's employment is subject to the laws of the province of Ontario, such Participant shall be entitled to the pro-rata portion of the Target PSUs based upon the Company's achievement of the Performance Metrics, as set out in Section 2.03, in circumstances where Cause is asserted for involuntary termination but the grounds do not meet the threshold necessary to disqualify the Participant from statutory notice pursuant to MSL. This clarification on Cause shall also prevail over any corresponding definition and treatment of a “for Cause” termination that

may be set out in the Participant's employment agreement or any related agreements where required to comply with MSL, if applicable.

- Acknowledgement.** By accepting the PSUs subject to the Award Agreement through the Stock Plan Administrator's web portal (or its successor), the Participant declares that the Participant expressly agrees with the provisions regarding termination of employment described in the Plan, the Award Agreement (including, but not limited to, Sections 2.02, 2.03, 2.04 and 2.05 thereof) and the special terms and conditions set forth in this Appendix A.
- Recoupment.** If the Participant's employment is subject to the laws of the province of Ontario, the consequences in Section 3.01 of the Agreement shall apply to the Participant, but also shall be modified if and only as necessary to comply with MSL. For clarity, it is understood that where such Participant is not exempt from Ontario's statutory prohibition against non-competition covenants, the Participant need not comply with such portion of the Competition Agreement or other similar agreement or covenant which amounts to a prohibited non-competition

covenant, and the lack of compliance shall not constitute misconduct by the Participant nor be subject to injunctive relief. However, the Participant shall remain subject to the cancellation and recoupment of Incentive Compensation as a mutually agreed upon financial consequence of the Participant engaging in competition.

Notifications

1. **Additional Restrictions on Resale.** In addition to the restrictions on resale and transfer noted in Plan materials, securities purchased under the Plan may be subject to certain restrictions on resale imposed by Canadian provincial securities laws. You are encouraged to seek legal advice prior to any resale of such securities. In general, participants resident in Canada may resell their securities in transactions carried out on exchanges outside of Canada and, in particular, you are generally permitted to sell shares acquired pursuant to the Plan through the designated broker appointed under the Plan, if any, provided that the Company is a “foreign issuer” that is not a reporting issuer in any jurisdiction of Canada and the sale of the shares acquired pursuant to the Plan takes place: (i) through an exchange, or a market, outside of Canada, on the distribution date; or (ii) to a person or company outside of Canada. For purposes hereof, a foreign issuer is an issuer that: (a) is not incorporated or existing pursuant to the laws of Canada or any jurisdiction of Canada; (b) does not have its head office in Canada; and (c) does not have a majority of its executive officers or directors ordinarily resident in Canada.
2. **Foreign Asset Reporting Information.** Any foreign property (including Shares and PSUs acquired under the Plan) must be reported to the Canada Revenue Agency

on form T1135 (Foreign Income Verification Statement) if the total cost of the Participant's foreign property exceeds C\$100,000 at any time in the year. The PSUs must be reported - generally at a nil cost - if the C\$100,000 cost threshold is exceeded because of other foreign property held. If Shares are acquired, their cost generally is the adjusted cost base (“ACB”) of the Shares. The ACB would normally equal the fair market value of the Shares at the time of vesting, but if the Participant owns other Shares, this ACB may have to be averaged with the ACB of the other Shares. The form must be filed by April 30 of the following year. The Participant should consult with the Participant's personal tax advisor to determine the Participant's reporting requirements.

3. **Non-Qualified Securities.** The Shares to be issued or sold under the Award Agreement are “non-qualified securities” for purposes of the Income Tax Act (Canada).

Exhibit 10.3

CONFIDENTIALITY, INVENTION ASSIGNMENT, NON-COMPETITION AND NON-SOLICITATION AGREEMENT

This Confidentiality, Invention Assignment, Non-Competition and Non-Solicitation Agreement (“**Agreement**”) is entered into by and between W.W. Grainger, Inc. (the “**Company**”) and you as an individual (“**Employee**” or “**Participant**”).

WHEREAS, the Company desires to employ Employee or continue to employ Employee and Employee desires to be employed or remain employed by the Company;

WHEREAS, as an employee of the Company, Employee will be exposed to and develop a familiarity with, and expertise in, the operations and business of the Company including, but not limited to, Confidential Information (as defined below) and protected relationships of the Company;

WHEREAS, the Company and Employee desire to enter into this Agreement in consideration of the Company's grant of Restricted Stock Units and/or Performance Stock Units to Employee pursuant to the W.W. Grainger, Inc. 2022 Incentive Plan and the Restricted Stock Unit Agreement and/or the Performance Stock Unit Agreement.

In consideration of the foregoing and of the mutual covenants and agreements herein contained and for other good and reasonable consideration, the sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the Company and Employee hereby agree as follows:

1. **Consideration.** Employee enters into this Agreement in exchange for receipt of the Restricted Stock Unit (RSU) grant award and/or Performance Stock Unit (PSU) grant award ("Award") pursuant to the W.W. Grainger, Inc. 2022 Incentive Plan (the "Plan") and the Restricted Stock Unit Agreement and/or Performance Stock Unit Agreement. Employee further enters into this Agreement in exchange for the provision and/or continued provision of Confidential Information (as defined below) to Employee as part of Employee's employment with the Company. Employee and the Company hereby stipulate that this Agreement is supported by full and adequate consideration.
2. **No Alteration of At-Will Employment.** This Agreement shall not be construed to create or imply a contract of employment for any fixed or certain period of time. Employee understands that the status of Employee's employment is "at will," which means that Employee may voluntarily leave the employ of the Company at any time, for any reason or no reason (with or without cause), and conversely may be terminated by the Company at any time with or without cause or reason or notice. Subject to the limitations in Section 3(f), while employed by the Company, Employee will remain loyal to the Company and will not knowingly engage in conduct that would violate Company policy, nor will Employee engage

in conduct that creates a conflict of interest such as engaging in competition with the Company or helping others do so.

3. **Non-Disclosure of Confidential Information.** Employee hereby acknowledges that during the course of Employee's employment by the Company, Employee will learn or develop Confidential Information (as defined below) in trust and confidence. Employee acknowledges that unauthorized disclosure or use of Confidential Information, other than in the discharge of Employee's duties, will cause the Company irreparable harm. In order to protect these legitimate interests of the Company, Employee agrees to the following terms hereof:
 - a. For purposes of this Agreement, the term "Confidential Information" means the Company's pricing systems, product profit margins, customer information (including contacts, lists, and preferences), business plans, marketing, purchasing information, sales information, strategies or techniques, distribution systems and networks, manufacturing methods, supplier information (including identity and contract arrangements), product content, product mix, product formulations, product research and development efforts, software, inventions, non-public financial information, e-Commerce systems and information from or about the Company's customers or other third parties that the Company's customers expressly wish, and/or may reasonably expect, to be kept confidential. The term "Confidential Information" also includes any information to which Employee had access by reason of Employee's employment with the Company and which meets the definition of "trade secret" set forth in the Illinois Trade Secrets Act, 765 ILCS 1065/1, et seq., and/or the Defend Trade Secrets Act, 18 U.S.C. §1839 or any analogous federal, state or local law ("Company Trade Secrets"). Employee acknowledges and agrees to ask the Company for clarification about what constitutes Confidential Information if, at any time, Employee is uncertain about whether any particular information is intended to be protected hereunder. The term Confidential Information shall not include any information which Employee establishes by a preponderance of evidence: (i) was publicly known or made generally available by the Company prior to the time of disclosure to Employee; or (ii) becomes publicly known or made generally available by the Company after disclosure to Employee through no wrongful action or inaction of Employee.
 - b. At all times during Employee's employment and for a period of five (5) years thereafter, Employee will use Confidential Information exclusively on behalf of the Company and, except in the normal and proper course of employment, will not, directly or indirectly through

another person or entity or by assisting others, disclose such information in any manner or use such information for Employee's benefit or on behalf of any other person or entity. Notwithstanding the foregoing, Employee will not, *at any time*, in

any manner or for any purpose other than a purpose expressly permitted by law, directly or indirectly, divulge or disclose, use, transmit, copy, create, access or retain any Company Trade Secrets.

- c. Employee will not copy, duplicate or reproduce, or allow others to copy, duplicate or reproduce, any Confidential Information for any purpose other than for use by or on behalf of the Company.
 - d. Employee will comply with all Company policies, procedures and practices pertaining to Confidential Information and will take all commercially reasonable steps to protect and maintain the secrecy thereof.
 - e. If Employee is requested, becomes legally compelled or is otherwise required by law to make any disclosure that is prohibited by this Section, Employee will promptly notify the Company no later than fourteen (14) days prior to such disclosure so that the Company may seek a protective order or other appropriate remedy if the Company deems such protection or remedy necessary under the circumstances. Subject to the foregoing, Employee may furnish only that portion of Confidential Information that Employee is legally compelled or required by law to disclose.
 - f. Nothing in this Section precludes Employee from disclosing truthful information regarding the Company in confidence to a federal, state or local governmental, regulatory or administrative agency or to an attorney concerning a suspected violation of law. Nor may Employee be held criminally or civilly liable under any federal or state trade secrets law for any disclosure of Confidential Information (i) made in confidence to a federal, state or local governmental, regulatory or administrative agency, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or (ii) set forth in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and provided Employee does not otherwise disclose such information except pursuant to court order. Nothing in this Agreement prohibits Employee from making truthful statements or disclosures about any alleged unlawful employment practice, including, but not limited to, discrimination, harassment or retaliation.
4. **Non-Competition.** Except as otherwise provided in Addendum A to this Agreement, Employee shall not, at any time during Employee's employment with the Company, and for twelve (12) months thereafter ("Restricted Period"), regardless of the reasons for Employee's termination, directly or by assisting others become employed by, work for or otherwise provide services to or on behalf of a Competitive Business (as defined below), in any territory in which the Employee worked or serviced on behalf of the Company or for which Employee had any responsibility for Grainger's conduct of business therein to the extent
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such employment, work or services involve duties that are the same as or substantially similar to those business activities or services Employee performed or supervised on behalf of the Company during the twenty-four (24) month period prior to the end of Employee's employment, but in no cases broader than the United States. "Competitive Business" means the sale or provision of any good or service sold by or provided by the Company during Employee's employment with the Company including, but not limited to, the sale and distribution of maintenance, repair and operating products and services, industrial products, and other products as well as technical support and inventory management services. Competitive Business includes, but is not limited to, the companies identified in Addendum B to this Agreement. Notwithstanding, nothing

herein will prohibit Employee from being a passive owner of not more than 1% of the outstanding stock of any class of a corporation which is publicly traded, so long as Employee has no active participation in the business of such corporation.

5. **Customer Non-Solicitation.** Except as otherwise provided in Addendum A to this Agreement, Employee shall not, during the Restricted Period, regardless of the reasons for Employee's termination, directly, or indirectly through another person or entity or by assisting others, solicit, call upon, or contact any Restricted Customer (as defined below) or Restricted Prospective Customer (as defined below) for the purpose of engaging in a Competitive Business Activity (as defined below), nor otherwise divert, interfere with, or attempt to divert or interfere with, the Company's business relationship with any Restricted Customer or Restricted Prospective Customer. "Restricted Customer" means each and every customer with whom or with which the Company has conducted business within the twenty-four (24) month period preceding termination of Employee's employment and with whom Employee, during such twenty-four (24) month period, had business-related contact or about which Employee acquired Confidential Information by virtue of Employee's employment relationship with the Company. "Restricted Prospective Customer" means each and every prospective customer targeted by the Company for business at any time during the final six (6) months of Employee's employment and with whom during such time Employee actively solicited on behalf of the Company through a written proposal or formal presentation/meeting or about which Employee acquired Confidential Information; provided that a prospective customer with whom the Company has not conducted business within the six (6) month period following the end of Employee's employment shall not constitute a Restricted Prospective Customer. "Competitive Business Activity" means the sale or provision of any good or service sold by or provided by the Company during Employee's employment with the Company including, including, but not limited to, sale and distribution of maintenance, repair and operating products and services, industrial products, and other products as well as technical support and inventory management services.

6. **Employee/Contractor Non-Solicitation.** Except as otherwise provided in Addendum A to this Agreement, Employee shall not, during the Restricted Period, regardless of the reasons for Employee's termination, directly, or indirectly through another person or entity or by assisting others, solicit, induce or encourage any Restricted Person (as defined below) to terminate or reduce such Restricted Person's employment or other association with the Company, or otherwise interfere with the faithful discharge by such Restricted Person of any employment, contractual and/or fiduciary obligations to serve the Company's best interests and those of its customers. "Restricted Person" means each and every person employed or otherwise engaged by the Company, including independent contractors, vendors, consultants or suppliers within the twelve (12) month period preceding termination of Employee's employment and with whom Employee, during such period, had supervisory responsibility or work-related contact, or about whom Employee acquired Confidential Information relating to compensation, benefits, performance evaluations or services.

7. **Assignment of Intellectual Property.**

- a. The term "Inventions" means: (i) contributions and inventions, discoveries, creations, developments, improvements, works of authorship and ideas (whether or not they are patentable or copyrightable) of any kind that are or were conceived, created, developed or reduced to practice by Employee, alone or with others, while employed by the Company, except as to Excluded Information (as defined below), and any derivative works thereof; and (ii) any and all patents, patent applications, copyrights, trade secrets, trademarks, domain names and other intellectual property rights, worldwide, with respect to any of the foregoing, except as to the intellectual property rights in any Excluded Information (as defined below).
- b. **Excluded Inventions.** For the avoidance of doubt, the term "Inventions" does not include any invention that Employee develops (or has developed) entirely on Employee's own time without using the Company's equipment, supplies, facilities or trade secret information, except for those inventions that either (i) relate at the time of conception or reduction to practice of such invention to the Company's business, or actual or demonstrably anticipated research or development of the Company or (ii) result from any work performed by Employee for the Company.
- c. **Duty to Disclose.** Employee hereby confirms that Employee has and will continue to promptly disclose all Inventions, in full detail, to persons authorized by the Company. Employee hereby confirms that Employee has not and will not disclose any Invention to anyone other than persons authorized by the Company without the Company's express prior written instruction to do so.

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- d. **Works Made for Hire.** All of Employee's work product for the Company, including all Inventions, will be and are the sole and exclusive property of the Company. All portions of the Inventions which constitute copyrightable subject matter will be considered "works made for hire" as that term is defined in the U.S. Copyright Act, 17 U.S.C. § 101, as amended.
- e. **Assignment of Intellectual Property.** In the event any worldwide rights, title or interest in and to the Inventions (or any portion thereof) do not vest automatically in and with the Company, Employee hereby irrevocably assigns, conveys and otherwise transfers to the Company, and its respective successors and assigns, any and all such worldwide rights, title and interests in and to the Inventions, including all rights to claim priority to the Inventions and all rights to pursue damages, injunctive relief and other remedies for past and future infringement of intellectual property rights. Employee will promptly perform, without further compensation, all actions reasonably requested by the Company during or after Employee's employment with the Company to establish, confirm and perfect the Company's sole and exclusive ownership of the Inventions (including but not limited to executing assignments, consents, powers of attorney, applications and other documents or instruments). If Employee for any reason refuses or is unable or unavailable to execute such documents or instruments, Employee hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Employee's agent and attorney in fact to execute and file any such documents and instruments with the same legal force and effect as if executed by Employee. In the event of any dispute, arbitration or litigation concerning whether an invention, discovery, creation, development, improvement, work of authorship, idea or other intellectual property right is the property of the Company (including but not limited to whether such is Company Intellectual Property), such will be presumed the property of the Company and Employee will bear the burden of establishing otherwise.
- f. **Moral Rights.** Any assignment of Inventions hereunder includes an assignment of all moral rights, including, but not limited to, any right of paternity, integrity, disclosure, withdrawal, and any other similar rights recognized by the laws of any jurisdiction or country (collectively, "Moral Rights") which Employee may have therein. To the extent such Moral Rights cannot be assigned to the Company and to the extent the following is allowed by the laws in any country where Moral Rights exist, Employee hereby waives and agrees never to assert against the Company, its licensees, successors and assigns, any Moral Rights which Employee may have or may ever be deemed to have in the Inventions.
- g. **Assistance.** Employee agrees to assist the Company, upon reasonable notice and at the Company's expense during and after the term of this
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Agreement, to secure and protect the Company's rights, title and interests in and to the Inventions.

- h. **Burden of Proof.** In the event of any dispute, arbitration or litigation concerning whether an invention, discovery, creation, development, improvement, work of authorship or idea is the property of the Company, such will be presumed the property of the Company and Employee will bear the burden of establishing otherwise.
- i. **Incorporation of Third Party Materials and Open Source Code.** Employee agrees that Employee will not incorporate any third party materials into any Inventions except as authorized by the Company in writing. Without limiting the generality of the foregoing, Employee agrees that Employee will not incorporate into any Company software or otherwise deliver to the Company any software code licensed under the GNU General Public License or Lesser General Public License or any other license that, by its terms, requires or conditions

the use or distribution of such code on the disclosure, licensing or distribution of any source code owned or licensed by Company except as may be authorized by the Company in writing.

8. **Reasonableness of Restrictions and Remedies.** Employee agrees that the terms of Sections 3 through 7 of this Agreement are intended to protect and preserve legitimate business interests of the Company and are reasonable and necessary. It is further agreed that any breach of Sections 3 through 7 of this Agreement may render irreparable harm to the Company. Except as otherwise provided in Addendum A to this Agreement, in the event of a breach or threatened breach by Employee, Employee acknowledges and agrees that the Company's remedies at law may be inadequate and that the Company shall be entitled to injunctive and other equitable relief against any threatened or continued breach of this Agreement by Employee without the necessity of proving irreparable harm or injury as a result of such breach or threatened breach or posting a bond and without liability should relief be denied, modified or vacated. In the event a court of competent jurisdiction determines that any provision of this Agreement is excessively broad, it is expressly agreed that this Agreement shall be construed so that the remaining provisions hereof shall not be affected by any such determination, but shall remain in full force and effect, and any such overbroad provision(s) shall be deemed, without further action on the part of any party, to be modified, amended and/or limited, but only to the extent necessary to render the same valid and enforceable in such jurisdiction. Further, a court of competent jurisdiction may modify any such overbroad provision to the extent necessary to make the provision enforceable according to applicable law and enforce the provision as modified. Except as otherwise provided in Addendum A, the Restricted Period shall be tolled during any period of violation of any of the covenants in Sections 4 through 6 of this Agreement and during any other period

required for litigation during which the Company seeks to enforce such covenants against Employee if it is ultimately determined that Employee was in breach of such covenants.

9. **Prior Agreements.** Employee hereby represents that, except to the extent disclosed in writing to the Company, Employee is not bound by the terms of any agreement with any previous employer or other party that would in any way restrict Employee's performance of services on behalf of the Company (including, for example, any non-disclosure, non-competition or non-solicitation restrictions) or limit Employee's ability to assign any Invention to the Company as provided in Paragraph 7 above. Employee further represents that Employee's performance of all of the terms of this Agreement and Employee's duties as an employee of the Company do not and will not breach any agreement to keep in confidence proprietary information, knowledge or data acquired by Employee in confidence or in trust prior to Employee's employment with the Company, and Employee will not disclose to the Company, or use on its behalf, any confidential or proprietary information or material belonging to any previous employer or any other person or entity.

10. **Return of Company Property.** Upon termination of employment with the Company for any reason, Employee shall return to the Company all keys, telephone calling cards, cellular telephones, computers, printers, access cards and other Company property and equipment. Employee shall also return originals and all copies of all business records and other documents, including Confidential Information (including information stored on computer hard drives, flash or thumb drives, or any other medium), relating to the Company in Employee's possession, custody or control, other than documents relating solely to Employee's own compensation or benefits. Employee agrees to refrain from accessing any Company records or other documents stored on any personal computer hard drive, tablet, smartphone, electronic data storage device, email or other web-based data storage account or service after termination of employment with the Company and shall inform the Company of all such media, and shall make available to the Company for inspection any personal computer, electronic storage media and devices and/or personal phone so that the Company may take any necessary steps to permanently delete and erase any Confidential Information from said devices.

11. Miscellaneous:

- a. **Governing Law, Venue and Jurisdiction.** This Agreement shall be governed by and construed in accordance with the substantive laws of the state of Employee's primary place of employment with the Company. Addendum A sets forth certain state-specific modifications to this Agreement that are incorporated herein by reference and made part hereof to the extent the law of any such state may apply to provisions of

this Agreement. Except as otherwise provided in Addendum A to this Agreement, Employee hereby consents to venue in the state and federal courts located in Illinois for any enforcement action or other litigation arising out of or relating to this Agreement. Employee hereby consents to such courts' exercise of jurisdiction over Employee and waives any argument concerning improper or inconvenient forum.

- b. **WAIVER OF JURY TRIAL.** AS TO DISPUTES RELATING TO ANY MATTERS THAT ARE COVERED BY THIS AGREEMENT, WHETHER BASED ON CONTRACT, TORT OR OTHERWISE, EACH PARTY HERETO DOES HEREBY WAIVE ANY AND ALL RIGHTS IT MAY HAVE TO A JURY TRIAL AND DOES HEREBY AGREE NOT TO REQUEST A JURY TRIAL. THIS PROVISION SHALL SURVIVE TERMINATION OR EXPIRATION OF THIS AGREEMENT AND/OR TERMINATION OF EMPLOYEE'S EMPLOYMENT.
- c. **Entire Agreement.** Except as otherwise stated herein, as well as any written Company policies, this Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof and replaces and supersedes as of the date hereof any and all prior agreements and understandings, whether oral or written, between the parties hereto with respect to the subject matter hereof. This Agreement may only be modified by an amendment in writing executed by the parties hereto.
- d. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the heirs, legal representatives, successors in interest and assigns of the respective parties.
- e. **Assignment.** This Agreement is not assignable by Employee. This Agreement is assignable by the Company without Employee's consent.
- f. **Severability.** In the event that any provision of this Agreement is deemed to be invalid or unenforceable, in whole or in part, by a court of competent jurisdiction for any reason, the remaining provisions shall continue to be valid and enforceable.
- g. **Employee Review.** Employee acknowledges that Employee has been provided a copy of this Agreement and been provided with at least fourteen (14) days to review this Agreement, although Employee may voluntarily elect to sign it sooner, and is advised to consult with an attorney before doing so. Employee has read all provisions contained herein and fully understands their meaning. Employee further acknowledges that the restrictions and obligations in this Agreement are legally binding and hereby affirms that Employee shall fully comply therewith.

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- h. **Effective Date.** This Agreement shall be effective as of the date Employee electronically accepts the Award on the Morgan Stanley AT WORK platform.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by a duly authorized officer and the Employee acknowledges and agrees that by clicking the on the "Accept" box below this Award Agreement in the section "Your New Grant" on the screen titled "View Grant," Employee expressly agrees to be bound by the terms and conditions of this Agreement and of the Award, and agrees that Employee's electronic signature or electronic acceptance of this Agreement constitutes the sole and exclusive means of executing this Agreement.

W.W. GRAINGER, INC.

/s/ D.G. Macpherson

Name: D.G. Macpherson

Title: Chairman & Chief Executive Officer

Addendum A

State-Specific Laws

Addendum A supplements the Agreement and is incorporated into and made a part thereof.

1. **Arkansas, New York.** If Employee's primary place of employment with the Company is located in either of these states, the following term shall apply to the interpretation of this Agreement and supersede any conflicting terms:

Section 4 of the Agreement shall not apply and is hereby void or otherwise waived where the Company terminates Employee's employment without cause unless the Company (in its sole discretion) elects to pay severance or other additional consideration to Employee.

2. **California.** If your primary place of employment with the Company is located in California, the following terms shall apply to the interpretation of this Agreement and supersede any conflicting terms:

No provision in this Agreement requires Employee to assign any of Employee's rights, title or interest to an invention if that invention qualifies for exclusion under California Labor Code § 2870 *et seq.*, which states that any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on the employee's own time without using the employer's equipment, supplies or facilities, or trade secret information, except for those inventions that either (1) relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer, or (2) result from any work performed by the employee for the employer.

Sections 4 through 6 and 11(a) of the Agreement shall not apply to Employee and are hereby void or otherwise waived.

3. **Colorado.** If Employee's primary place of employment with the Company is located in Colorado, the following terms shall apply to the interpretation of this Agreement and supersede any conflicting terms:

Section 4 of the Agreement shall not apply and is hereby void or otherwise waived if Employee does not earn, as of the Effective Date and at the time of separation of employment from the Company, an amount of annualized cash compensation equivalent to or greater than the threshold amount for highly

compensated workers, as determined by the Division of Labor Standards and Statistics in the Colorado Department of Labor and Employment.

Sections 5 and 6 of the Agreement shall not apply and are hereby void or otherwise waived if Employee does not (i) earn, as of the Effective Date and at the time of separation of employment from the Company, an amount of annualized cash compensation equivalent to or greater than sixty percent (60%) of the threshold amount for highly compensated workers, as determined by the Division of Labor Standards and Statistics in the Colorado Department of Labor and Employment, and/or (ii) have access to Company Trade Secrets by virtue of employment.

For purposes of the foregoing paragraphs, the parties agree that the restrictions and obligations in Sections 4 through 6, as applicable, shall be deemed entered into as of the date Employee's actual or expected annualized rate of earnings reaches the respective thresholds set forth above. The parties further agree that Employee's continued employment, continued access to Confidential Information and Company Trade Secrets, dealings on behalf of the Company with Restricted Customers and Restricted Persons and other consideration set forth in this Agreement constitute adequate consideration for the restrictions set forth in Sections 4 through 6 of the Agreement.

Employee acknowledges that Employee will learn and have access to and use of Company Trade Secrets by virtue of employment and that the provisions in Sections 4 through 6 of this Agreement are for the protection of Company Trade Secrets and no broader than reasonably necessary to protect the Company's legitimate interest in protecting its trade secrets.

Section 11(a) of the Agreement shall not apply to Employee and is hereby void or otherwise waived.

Employee hereby acknowledges that Employee has been provided a copy of this Agreement at least fourteen (14) calendar days before commencement of employment with the Company or at a subsequent time with at least fourteen (14) calendar days to review the Agreement, and is hereby advised to consult with an attorney before signing the Agreement. Nothing herein prevents Employee from voluntarily electing to sign the Agreement prior to expiration of such 14-day period.

4. **Delaware, Kansas, New Jersey, North Carolina.** If Employee's primary place of employment with the Company is located in any of these states, the following terms shall apply to the interpretation of this Agreement and supersede any conflicting terms:

No provision in this Agreement requires Employee to assign any of Employee's rights to an invention if that invention qualifies for exclusion under Delaware Code, Title 19 § 805, Kansas Statutes § 44–130, New Jersey Statutes § 34:B-265 or North Carolina General Statutes § 66-57.1, as applicable, which state that any provision in an employment agreement which provides that an employee shall assign or offer to assign any of the employee's rights in an invention to the employer shall not apply to an invention that the employee developed entirely on the employee's own time without using the employer's equipment, supplies or facilities, or trade secret information, except for those inventions that (1) relate to the employer's business or actual or demonstrably anticipated research or development, or (2) result from any work performed by the employee for the employer.

5. **District of Columbia.** If Employee's primary place of employment with the Company is located in the District of Columbia, the following terms shall apply to the interpretation of this Agreement and supersede any conflicting terms:

Section 4 of the Agreement shall not apply to Employee and is hereby void or otherwise waived unless Employee is a highly compensated employee as determined by the D.C. Non-Compete Clarification Act of 2022.

The District of Columbia's Ban on Non-Compete Agreements Amendment Act of 2020 limits the use of non-compete agreements. It allows employers to request non-compete agreements from highly compensated employees, as that term is defined in the Ban on Non-Compete Agreements Amendment Act of 2020, under certain conditions. Employee may or may not be a highly compensated employee. For more information about the Ban on Non-Compete Agreements Amendment Act of 2020, contact the District of Columbia Department of Employment Services.

Employee hereby acknowledges that Employee has been provided a copy of this Agreement at least fourteen (14) calendar days before commencement of employment with the Company or at a subsequent time with at least fourteen (14) calendar days to review the Agreement, and is hereby advised to consult with an attorney before signing the Agreement. Nothing herein prevents Employee from voluntarily electing to sign the Agreement prior to expiration of such 14-day period.

6. **Florida.** If Employee's primary place of employment with the Company is located in Florida, the following term shall apply to the interpretation of this Agreement and supersede any conflicting terms:

The waiver of bond or other security provision in Section 8 of the Agreement shall not apply to Employee and is hereby void or otherwise waived.

-
7. **Georgia.** If Employee's primary place of employment with the Company is located in Georgia, the following terms shall apply to the interpretation of this Agreement and supersede any conflicting terms:

Section 4 of the Agreement shall not apply and is hereby void or otherwise waived unless Employee (1) customarily and regularly solicits customers or prospective customers; (2) customarily and regularly engages in making sales or obtaining orders or contracts for products or services to be performed by others; (3) performs the following duties: (A) management responsibility; (B) customarily and regularly directs the work of two (2) or more other employees; and (C) has the authority to hire or fire other employees or have particular weight given to suggestions and recommendations as to the hiring, firing, advancement, promotion or any other change of status of other employees; or (4) performs the duties of a key employee or of a professional.

Section 8 of the Agreement shall only apply to permit tolling during the legal proceedings.

8. **Hawaii.** If Employee's primary place of employment with the Company is located in Hawaii, the following term shall apply to the interpretation of this Agreement and supersede any conflicting terms:

Sections 4 through 6 of the Agreement shall not apply to Employee and are hereby void or otherwise waived to the extent the Company is a technology business in accordance with Hawaii Revised Statutes § 480-4(d).

9. **Idaho.** If Employee's primary place of employment with the Company is located in Idaho, the following term shall apply to the interpretation of this Agreement and supersede any conflicting terms:

a. Section 4 of the Agreement shall not apply and is hereby void or otherwise waived unless Employee, by reason of the Company's investment of time, money, trust, exposure to the public or exposure to technologies, intellectual property, business plans, business processes and methods of operation, customers, vendors or other business relationships during the course of employment, has gained a high level of inside knowledge, influence, credibility, notoriety, fame, reputation or public persona as a representative or spokesperson of the Company and, as a result, has the ability to harm or threaten the Company's legitimate business interests.

10. **Illinois.** If Employee's primary place of employment with the Company is located in Illinois, the following terms shall apply to the interpretation of this Agreement and supersede any conflicting terms:

No provision in this Agreement requires Employee to assign any of Employee's rights to an invention if that invention qualifies for exclusion under Illinois Revised Statutes, Chapter 765, § 1060/2, which states that a provision in an employment agreement which provides that an employee shall assign or offer to assign any of the employee's rights in an invention to the employer does not apply to an invention for which no equipment, supplies or facilities, or trade secret information of the employer, was used and which was developed entirely on the employee's own time, unless (a) the invention relates (i) to the business of the employer, or (ii) to the employer's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by the employee for the employer.

Section 4 of the Agreement shall not apply to Employee and is hereby void or otherwise waived if Employee's actual or expected annualized rate of earnings from the Company does not exceed \$75,000 per year, which amount shall increase to \$80,000 per year beginning on January 1, 2027, \$85,000 per year beginning on January 1, 2032 and \$90,000 per year beginning on January 1, 2037.

Sections 5 and 6 of the Agreement shall not apply to Employee and are hereby void or otherwise waived if Employee's actual or expected annualized rate of earnings from the Company does not exceed \$45,000 per year, which amount shall increase to \$47,500 per year beginning on January 1, 2027, \$50,000 per year beginning on January 1, 2032 and \$52,500 per year beginning on January 1, 2037.

Sections 4 through 6 of the Agreement shall not apply and are hereby void or otherwise waived where the separation of Employee's employment, including by reason of termination, furlough or layoff, results from business circumstances or governmental orders related to the COVID-19 pandemic or under circumstances that are similar to the COVID-19 pandemic, unless Employee receives compensation equivalent to Employee's base salary at the time of separation for the Restricted Period less compensation earned through subsequent employment during such time.

Section 4 of the Agreement shall not apply and is hereby void or otherwise waived to the extent Employee's employment with the Company is governed by a collective bargaining agreement under the Illinois Public Labor Relations Act or the Illinois Educational Labor Relations Act. Nor shall Section 4 apply and is hereby void or otherwise waived if Employee is employed by the Company in construction, unless Employee primarily performs management, engineering or architectural, design or sales functions for the Company or is a shareholder, partner or owner in any capacity of the Company's business.

Employee hereby acknowledges that Employee has been provided a copy of this Agreement at least fourteen (14) calendar days before commencement of employment with the Company or at a subsequent time with at least fourteen (14) calendar days to review the Agreement and is hereby advised to consult with an attorney before signing the Agreement. Nothing herein prevents Employee from voluntarily electing to sign the Agreement prior to expiration of such fourteen (14) day period.

11. **Louisiana.** If Employee's primary place of employment with the Company is located in Louisiana, the following terms shall apply to the interpretation of this Agreement and supersede any conflicting terms:

The restricted area for Section 4 of the Agreement means those parishes in which the Company conducts business in the State of Louisiana by maintaining offices, business facilities or operations and/or by marketing or selling products and services to customers, including:

Acadia	Iberia	St. Charles
Allen	Iberville	St. Helena
Ascension	Jackson	St. James
Assumption	Jefferson	St. John the Baptist
Avoyelles	Jefferson Davis	St. Landry
Beauregard	La Salle	St. Martin
Bienville	Lafayette	St. Mary
Bossier	Lafourche	St. Tammany
Caddo	Lincoln	Tangipahoa
Calcasieu	Livingston	Tensas
Caldwell	Madison	Terrebonne
Cameron	Morehouse	Union
Catahoula	Natchitoches	Vermilion
Claiborne	Orleans	Vernon
Concordia	Ouachita	Washington
De Soto	Plaquemines	Webster
East Baton Rouge	Pointe Coupee	West Baton Rouge
East Carroll	Rapides	West Carroll
East Feliciana	Red River	West Feliciana
Evangeline	Richland	Winn
Franklin	Sabine	
Grant	St. Bernard	

Employee may not circumvent the restricted area through remote, electronic or other means for purposes of Section 4.

Sections 5 and 6 of the Agreement shall apply only to prohibit the restricted activities in the restricted area set forth above.

Section 11(a) shall apply only to the extent Employee ratifies such provisions subsequent to an alleged violation of the Agreement.

12. **Maine.** If Employee's primary place of employment with the Company is located in Maine, the following terms shall apply to the interpretation of this Agreement and supersede any conflicting terms:

Section 4 of the Agreement shall not apply and is hereby void or otherwise waived if Employee's wages are at or below four hundred percent (400%) of the federal poverty level as established by the U.S. Department of Health and Human Services federal poverty guidelines.

Employee hereby acknowledges that Employee has been given advance notice prior to receiving an offer of employment that a restrictive covenant agreement is required as a condition of employment and/or has received a copy of this Agreement not less than three (3) business days before signing it to allow time to review and negotiation.

Section 4 of the Agreement shall not take effect until the later of one (1) year after commencement of Employee's employment or six (6) months from the Effective Date.

13. **Maryland.** If Employee's primary place of employment with the Company is located in Maryland, the following terms shall apply to the interpretation of this Agreement and supersede any conflicting terms:

Section 4 of the Agreement shall not apply and is hereby void or otherwise waived where the Company terminates Employee's employment without cause unless the Company (in its sole discretion) elects to pay Employee severance or other additional consideration.

Section 4 of the Agreement shall not apply and is hereby void or otherwise waived if Employee earns less than one hundred and fifty percent (150%) of the state minimum wage (e.g., \$41,350 as of October 1, 2023, 49,920 as of January 1, 2024).

14. **Massachusetts.** If Employee's primary place of employment with the Company is located in Massachusetts, the following terms shall apply to the interpretation of this Agreement and supersede any conflicting terms:

Section 4 of the Agreement shall not apply and is hereby void or otherwise waived if Employee is classified as nonexempt under the Fair Labor Standards Act, 29 U.S.C. §§ 201-219.

Section 4 of the Agreement shall apply only to the extent the Company (in its sole discretion) elects to pay Employee, in accordance with its regular payroll practices, during the Restricted Period fifty percent (50%) of Employee's highest annualized base salary paid by the Company within the twenty-four (24) month period preceding the separation of employment, provided that such payment is dependent upon compliance with Section 4 and does not extend to any tolling period as provided in Section 8. The Company may elect not to make the payment and waive enforcement of Section 4 at any time prior to the separation of Employee's employment.

Subject to the provision above, Section 4 of the Agreement shall not apply and is hereby void or otherwise waived where the Company terminates Employee's employment without cause or where Employee is laid off.

The restricted area for purposes of Section 4 of the Agreement means the geographic area in which Employee, at any time during the final twenty-four (24) months of employment with the Company, provided services or had a material presence or influence on behalf of the Company. Employee may not circumvent the restricted area through remote, electronic or other means for purposes of Section 4.

Section 11(a) of the Agreement shall not apply to Employee and is hereby void or otherwise waived.

Employee hereby acknowledges that Employee has been provided a copy of the Agreement ten (10) business days prior to the acceptance of an offer of employment or, in the case of continued employment, prior to the Effective Date, and an opportunity to consult with Employee's attorney before signing it.

15. **Minnesota.** If Employee's primary place of employment with the Company is located in Minnesota, the following terms shall apply to the interpretation of this Agreement and supersede any conflicting terms:

No provision in this Agreement requires Employee to assign any of Employee's rights to an invention if that invention qualifies for exclusion under Minnesota Statutes § 181.78, which may be amended from time to time and which is incorporated by reference herein. As of January 1, 2023, the text of such code states in relevant part:

Any provision in an employment agreement which provides that an employee shall assign or offer to assign any of the employee's rights in an

invention to the employer shall not apply to an invention for which no equipment, supplies, facility or trade secret information of the employer was used and which was developed entirely on the employee's own time, and (1) which does not relate (a) directly to the business of the employer or (b) to the employer's actual or demonstrably anticipated research or development, or (2) which does not result from any work performed by the employee for the employer. Any provision which purports to apply to such an invention is to that extent against the public policy of this state and is to that extent void and unenforceable.

Sections 4 and 11(a) of the Agreement shall not apply to Employee and are hereby void or otherwise waived.

Employee hereby acknowledges that Employee has been provided a copy of this Agreement prior to the acceptance of an offer of employment or, in the case of continued employment, prior to the date of entering into the Agreement.

16. **Missouri.** If Employee's primary place of employment with the Company is located in Missouri, the following term shall apply to the interpretation of this Agreement and supersede any conflicting terms:

Section 4 of the Agreement shall not apply and is hereby void or otherwise waived if Employee provides only secretarial or clerical services.

17. **Montana.** If Employee's primary place of employment with the Company is located in Montana, the following terms shall apply to the interpretation of this Agreement and supersede any conflicting terms:

Section 4 of the Agreement shall not apply and is hereby void or otherwise waived where the Company terminates Employee's employment without cause unless the Company (in its sole discretion) elects to pay severance or other additional consideration to Employee.

18. **Nevada.** If Employee's primary place of employment with the Company is located in Nevada, the following terms shall apply to the interpretation of this Agreement and supersede any conflicting terms:

Section 4 of the Agreement shall not apply and is hereby void or otherwise waived if Employee is paid solely on an hourly wage basis, exclusive of any tips or gratuities.

Section 4 of the Agreement shall not apply and is hereby void or otherwise waived where the Company terminates Employee's employment as a result of a reduction in force or similar restructuring unless the Company (in its sole

discretion) elects to pay Employee's salary, benefits or equivalent compensation, including, without limitation, severance pay, during the Restricted Period.

The Company is the sole owner of a patentable invention or trade secret developed by Employee as set forth in Nevada Statute § 600.500, which states that except as otherwise provided by express written agreement, an employer is the sole owner of any patentable invention or trade secret developed by his or her employee during the course and scope of the employment that relates directly to work performed during the course and scope of the employment.

19. **New Hampshire.** If Employee's primary place of employment with the Company is located in New Hampshire, the following terms shall apply to the interpretation of this Agreement and supersede any conflicting terms:

Section 4 of the Agreement shall not apply and is hereby void or otherwise waived if Employee earns an hourly rate less than or equal to two hundred percent (200%) of the federal minimum wage.

Employee hereby acknowledges that Employee has been provided a copy of this Agreement prior to the acceptance of an offer of employment or, in the case of continued employment, prior to the Effective Date.

20. **North Dakota.** If Employee's primary place of employment with the Company is located in North Dakota, the following term shall apply to the interpretation of this Agreement and supersede any conflicting terms:

Sections 4 through 6 of the Agreement shall not apply to Employee and are hereby void or otherwise waived.

21. **Oklahoma.** If Employee's primary place of employment with the Company is located in Oklahoma, the following terms shall apply to the interpretation of this Agreement and supersede any conflicting terms:

Section 4 of the Agreement shall not apply to Employee and is hereby void or otherwise waived.

Section 5 of the Agreement shall not apply to prospective customers and is hereby void or otherwise waived as to prospective customers.

22. **Oregon.** If Employee's primary place of employment with the Company is located in Oregon, the following terms shall apply to the interpretation of this Agreement and supersede any conflicting terms:

Employee hereby acknowledges that Employee has been given two-weeks' notice prior to the first day of employment that a noncompetition agreement is a condition of employment.

Section 4 of the Agreement shall not apply and is hereby void or otherwise waived unless Employee is engaged in administrative, executive or professional work and: (a) performs predominantly intellectual, managerial or creative tasks; (b) exercises discretion and independent judgment; and (c) earns a salary and is paid on a salary basis.

Section 4 of the Agreement shall not apply and is hereby void or otherwise waived if the total amount of Employee's annual gross salary and commissions, calculated on an annual basis, at the time of separation from employment does not exceed \$100,533, adjusted annually for inflation pursuant to the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor immediately preceding the calendar year of Employee's separation. Notwithstanding the foregoing, Section 4 shall apply if the Company agrees in writing to provide Employee for the Restricted Period the greater of: (a) compensation equal to at least fifty percent (50%) of Employee's annual gross base salary and commissions at the time of separation from employment; or (b) fifty percent (50%) of \$100,533, adjusted annually for inflation pursuant to the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor immediately preceding the calendar year of Employee's separation.

23. **Rhode Island.** If Employee's primary place of employment with the Company is located in Rhode Island, the following term shall apply to the interpretation of this Agreement and supersede any conflicting terms:

Section 4 of the Agreement shall not apply and is hereby void or otherwise waived if Employee is classified as nonexempt under the Fair Labor Standards Act, 29 U.S.C. §§ 201-219, or Employee's annual earnings are not more than two hundred fifty percent (250%) of the federal poverty level as established by the U.S. Department of Health and Human Services federal poverty guidelines.

24. **South Dakota.** If Employee's primary place of employment with the Company is located in South Dakota, the following term shall apply to the interpretation of this Agreement and supersede any conflicting terms:

Section 5 of the Agreement shall apply only to prohibit the restricted activity in the United States.

25. **Utah.** If Employee's primary place of employment with the Company is located in Utah, the following term shall apply to the interpretation of this Agreement and supersede any conflicting terms:

No provision in this Agreement requires Employee to assign any of Employee's rights to an invention if that invention qualifies for exclusion under Utah Code §§ 34-39-2 and 3, which state that an employment agreement between an employee and his or her employer is not enforceable against the employee to the extent that the agreement requires the employee to assign or license, or to offer to assign or license, to the employer any right or intellectual property in or to an invention that is (a) created by the employee entirely on his or her own time, and (b) not an employment invention. "Employment invention" means any invention or part thereof conceived, developed, reduced to practice, or created by an employee which is: (a) conceived, developed, reduced to practice, or created by the employee (i) within the scope of his or her employment (ii) on his or her employer's time or (iii) with the aid, assistance, or use of any of his or her employer's property, equipment, facilities, supplies, resources or intellectual property; (b) the result of any work, services, or duties performed by an employee for his or her employer; (c) related to the industry or trade of the employer; or (d) related to the current or demonstrably anticipated business, research, or development of the employer. "Intellectual property" means any and all patents, trade secrets, know-how, technology, confidential information, ideas, copyrights, trademarks, and service marks and any and all rights, applications, and registrations relating to them.

26. **Virginia.** If Employee's primary place of employment with the Company is located in Virginia, the following terms shall apply to the interpretation of this Agreement and supersede any conflicting terms:

Section 4 of the Agreement shall not apply and is hereby void or otherwise waived if Employee's average weekly earnings, calculated by dividing Employee's earnings during the period of fifty-two (52) weeks immediately preceding the separation of Employee's employment by fifty-two (52), or if Employee worked fewer than fifty-two (52) weeks, by the number of weeks that Employee was actually paid during the fifty-two (52) week period, are less than the average weekly wage of the Commonwealth as determined pursuant to the Code of Virginia § 65.2-500(B). The foregoing shall not apply if Employee's earnings are derived, in whole or in predominant part, from sales commissions, incentives or bonuses paid to Employee by the Company.

27. **Washington.** If Employee's primary place of employment with the Company is located in Washington, the following terms shall apply to the interpretation of this Agreement and supersede any conflicting terms:
-

No provision in this Agreement requires Employee to assign any of Employee's rights to an invention if that invention qualifies for exclusion under Washington Revised Code § 49.44.140, which states that a provision in an employment agreement which provides that an employee shall assign or offer to assign any of the employee's rights in an invention to the employer does not apply to an invention for which no equipment, supplies or facilities, or trade secret information of the employer, was used and which was developed entirely on the employee's own time, unless (a) the invention relates (i) directly to the business of the employer, or (ii) to the employer's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by the employee for the employer. Any provision which purports to apply to such an invention is to that extent against the public policy of this state and is to that extent void and unenforceable.

Section 4 of the Agreement shall not apply and is hereby void or otherwise waived if Employee earns \$100,000 or less per year and adjusted annually to account for inflation by the Washington State Department of Labor and Industries.

Section 4 of the Agreement shall not apply and is hereby void or otherwise waived where the Company terminates Employee's employment as a result of a layoff unless the Company (in its sole discretion) elects to pay severance equivalent to Employee's base salary for the Restricted Period less compensation earned through subsequent employment, provided that such payment is dependent upon compliance with Section 4 and does not extend to any tolling period as provided in Section 8.

The requirement of Section 4 of the Agreement shall not apply and is hereby void or otherwise waived if Employee's earnings are less than twice the applicable state minimum hourly wage. This exception does not apply to any such additional work that raises issues of safety or interferes with the reasonable and normal scheduling expectations of the Company.

Employee hereby acknowledges that Employee has been provided a copy of this Agreement prior to the acceptance of an offer of employment or, in the case of continued employment, prior to the Effective Date with the understanding that this Agreement may be enforceable against Employee in the future in accordance with its terms.

Section 11(a) of the Agreement shall not apply to Employee and is hereby void or otherwise waived.

28. **Wisconsin.** If Employee's primary place of employment with the Company is located in Wisconsin, the following terms shall apply to the interpretation of this Agreement and supersede any conflicting terms:

The definitions of Restricted Customer and Restricted Person in Sections 5 and 6 shall not include reference to "or about which [or whom] the Employee acquired Confidential Information by virtue of Employee's employment relationship with the Company."

The obligations set forth in Section 3 with respect to Confidential Information shall be limited to the United States.

Sections 5 and 6 with respect to interference and inducement only and Section 8 with respect to tolling only shall not apply to Employee and are hereby void or otherwise waived.

Addendum B

COMPANY LISTING – 2024

Amazon.com, Inc.

Fastenal Company

Ferguson

Genuine Parts Company (includes Motion Industries)

Global Industrial / Systemax

Graybar

HD Supply, Inc. (includes Interline Brands)
McMaster-Carr Supply Company
MSC Industrial Direct Co., Inc.
Noble Supply and Logistics
Office Depot
Sonepar / Vallen
Staples, Inc.
True Value
Uline
WESCO
Würth

Any affiliates, subsidiaries or joint ventures of the above-referenced entities shall be deemed to meet the definition of Competitive Business.

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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: April 25, 2024 August 1, 2024

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: April 25, 2024 August 1, 2024

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

Exhibit 32

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 March 31, 2024 June 30, 2024, (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

April 25, August 1, 2024

/s/ Deidra C. Merriwether

Deidra C. Merriwether

Senior Vice President and Chief Financial Officer

April 25, August 1, 2024

DISCLAIMER

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