

**2007 ANNUAL REPORT**

**GRAINGER**<sup>®</sup>  
||| FOR THE ONES WHO GET IT DONE

## Grainger defined:

**noun** the leading distributor of everything you need to maintain a facility

**verb** to serve your needs easily, fast and problem free

Many people are familiar with the name Grainger, even if they don't work with the company or know someone who does. They often say they've seen the Grainger name on a local branch, on our catalogs or in connection with one of the good causes we support.

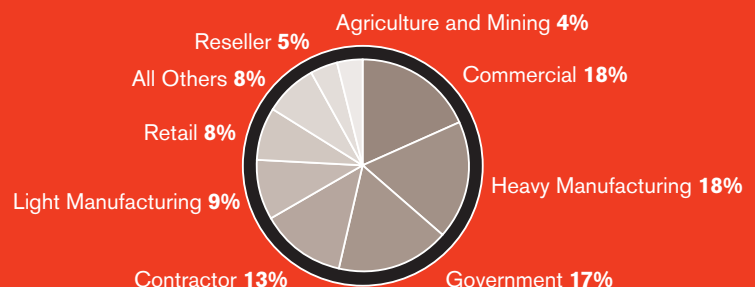
They may say that Grainger is a good company...good in the sense of well run, a strong performer with dedicated employees and solid standing in its markets and communities.

Yet, Grainger is not a household name. Ask people on the street if they know what Grainger does, and the answer is frequently, "I'm not sure," or "I really don't know."

That's understandable. We're a business-to-business distributor, and we do not manufacture anything. We're a service business. We help people maintain and repair buildings, so the rest of us can be safe, comfortable and productive.

In the shareholder letter, Grainger's Chairman and CEO talks about who and what Grainger is...highlighting some key roles the company plays in helping business, the public sector and society.

### 2007 SALES BY CUSTOMER CATEGORY





**GRAINGER**<sup>®</sup>  
FOR THE ONES WHO GET IT DONE

**W.W. Grainger, Inc., distributes a broad offering of maintenance, repair and operating products to businesses and institutions throughout North America and in China. Grainger uses multiple channels to serve its 1.8 million customers. Founded in 1927, the company is headquartered in Lake Forest, Illinois.**

## FINANCIAL HIGHLIGHTS

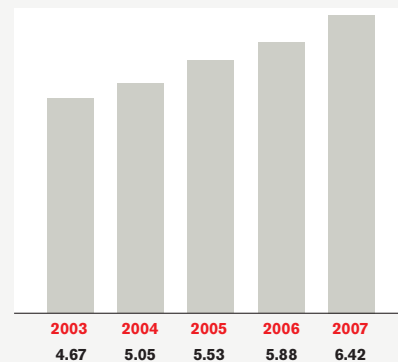
(In thousands of dollars, except per share amounts)

	2007	2006	% Change
<b>Income Statement</b>			
Net sales	\$6,418,014	\$5,883,654	9.1%
Gross profit	2,603,623	2,354,150	10.6%
As a percent of net sales	40.6%	40.0%	
Operating earnings	670,653	578,071	16.0%
As a percent of net sales	10.5%	9.8%	
Earnings before income taxes	681,861	603,023	13.1%
As a percent of net sales	10.6%	10.2%	
Net earnings	\$420,120	\$383,399	9.6%
As a percent of net sales	6.6%	6.5%	
<b>Per Share</b>			
Earnings – diluted	\$4.94	\$4.24	16.5%
Cash dividends paid	1.340	1.110	20.7%
Average number of shares outstanding – diluted	85,044,963	90,523,774	(6.1)%
<b>Balance Sheet and Cash Flow</b>			
Working capital	\$974,414	\$1,155,763	(15.7)%
Cash flow from operations	468,875	436,753	7.4%
Additions to property, buildings and equipment	188,867	127,814	47.8%
<b>Financial Ratios and Other Data</b>			
Return on average shareholders' equity	19.7%	17.2%	
Return on average total capitalization	19.2%	17.2%	
Return on invested capital (ROIC)*	28.5%	26.4%	
Number of branches	610	593	
Number of employees	18,036	17,074	

\* See page 7 for definition

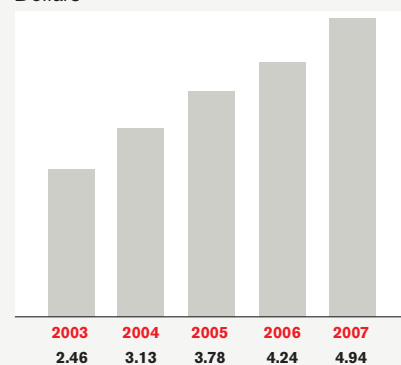
## SALES

Dollars in billions



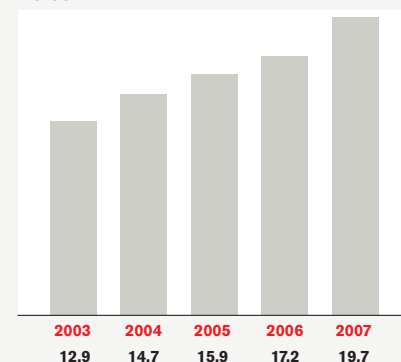
## EARNINGS PER SHARE – DILUTED

Dollars



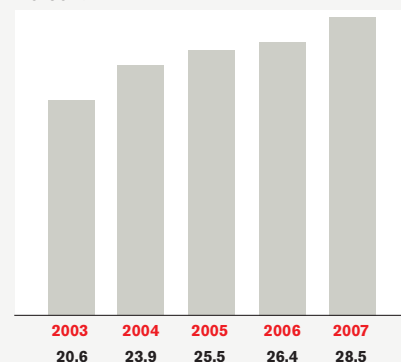
## RETURN ON EQUITY

Percent



## RETURN ON INVESTED CAPITAL\*

Percent





## TO OUR SHAREHOLDERS



**Richard L. Keyser**  
Chairman and  
Chief Executive Officer

### HIGHLIGHTS OF 2007

- **Posted record sales of \$6.4 billion, up 9 percent**
- **Reported record earnings per share of \$4.94, up 17 percent**
- **Increased operating margin 70 basis points, to 10.5 percent**
- **Generated pretax return on invested capital of 28.5 percent**
- **Repurchased 7.1 million shares**
- **Raised quarterly dividend 21 percent, to \$.35 per share**

### GOALS FOR 2008

- **Increase sales by 7 to 10 percent**
- **Achieve operating margins of 10.8 to 11.2 percent**
- **Post earnings per share of \$5.65 to \$6.00**
- **Complete branch and sales expansion in top 25 U.S. markets**

The year 2007 was outstanding for Grainger. We achieved \$6.4 billion in sales, up 9 percent, and posted earnings per share of \$4.94, up 17 percent.

In addition, we returned \$760 million to shareholders through the purchase of 7.1 million shares of stock and our quarterly dividends, which increased 21 percent. This was the 36th straight year that Grainger raised its quarterly dividend.

The year was significant in a number of other ways. We introduced more than 45,000 new products to our Grainger catalog and strengthened our presence in major markets. Through our e-commerce channel alone, we generated more than \$1 billion in annual sales, putting us among the top U.S. online sellers.

This performance did not just happen. The hard work of our employees and their genuine interest in our customers produced these terrific results.

### A closer look at 2007

Despite a slower-growing North American economy, Grainger performed well... a testament to our people serving customers even better. The investments we've made in technology, market expansion and product-line expansion are paying off.

Here's a business overview of 2007:

- Grainger's Branch-based segment recorded a 9 percent growth in sales, while improving operating margins. A diverse group of customers contributed to the gain in market share, including those in government, commercial services and manufacturing.
- Our business in Mexico registered a 23 percent increase in sales. To capitalize on the country's economic growth and help Grainger become the first national broad-line industrial distributor, we expanded our logistics network – adding seven branches to give customers greater access to our products.
- Acklands – Grainger, our Canadian business, completed the first full year of an impressive turnaround, doubling operating earnings.
- Lab Safety Supply, our direct marketing business, grew by 6 percent, yet we can do better. We're stepping up efforts to reinvigorate growth in Lab Safety by improving our media offering – including new, innovative Web sites – and by pursuing carefully selected acquisitions.

### How Grainger creates lasting value

On the face of it, our company engages in some fairly straightforward activities: providing maintenance, repair and operating (MRO) supplies to people who maintain facilities.

We take pride in making it look easy. Yet what appears simple or basic is far from it. To do what we do – quickly, efficiently, consistently, profitably and with a human touch – requires us to be a logistics organization... a supply-chain expert... a sophisticated information technology company.

Most important, we are a customer-service specialist and a consultant to management. And when an emergency strikes, we provide essential products to first responders and to the community. In all of these ways, we are a key partner to the public and private sectors.

Our aim is to be known to our customers as their high-performance team... their reliable, go-to source for vast product selection, fast turnaround, competitive pricing, excellent counsel and superb service.

**Poised to perform**

As competition around the globe intensifies, businesses and institutions face constant pressure to manage their costs and be more effective.

That's especially true for people who maintain facilities. To stay competitive and grow, our customers need to make optimal use of their physical assets by streamlining procedures, improving inventory management, consolidating suppliers and much more.

Grainger has the resources to assist the people who manage facilities and operations, by helping them reduce costs, save time and ensure safe, comfortable working conditions.

Our company is positioned to compete in all phases of the economic cycle, and our diversification is a major plus. Grainger customers represent every Standard Industrial Classification (SIC) code in the United States, as well as virtually every level of government, in every county in the United States. We're also well positioned in Canada and expanding in Mexico and China.

**Values driving performance**

Grainger is distinguished by more than our products and the speed with which we deliver them. Our employees place great importance on serving customers exceptionally well and on establishing long-term relationships.

We also are deeply committed to our communities. Our employees demonstrate the spirit of good corporate citizenship again and again, through their volunteer efforts and other contributions. We believe that, as a company, Grainger can do the greatest long-term good by focusing on two areas that allow us to leverage our expertise and assets: disaster response and technical education.

Our close association with the American Red Cross has led to our national sponsorship of Ready When the Time Comes, a Red Cross program that trains corporate volunteers in disaster relief. And through collaboration with the American Association of Community Colleges, we're investing in our country's future workforce through technical education and scholarships.

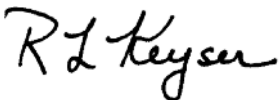
**Looking ahead**

Our strong financial performance and cash generation allow us to be opportunistic, giving us greater latitude in planning for growth and determining our future. We continue to invest in projects that advance our standing in the market and help us capture more business.

On March 1, 2008, Ronald L. Jadin, our Controller, will become Chief Financial Officer. He is replacing P. Ogden Loux, our Chief Financial Officer for the past 11 years, who remains with Grainger as Vice Chairman, providing me counsel on various business issues. This transition is testimony to our proven succession planning process.

As we look at the world around us, we see plenty of opportunity for growth. We intend to capitalize on the opportunity – just as William Wallace Grainger did in 1927 when he started this company – by providing great service, forming lasting relationships and pursuing our goal to remain the leader in our industry.

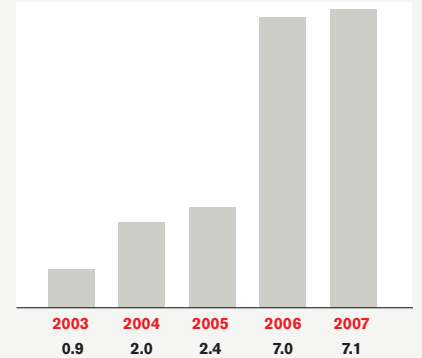
Sincerely,



R. L. Keyser  
February 27, 2008

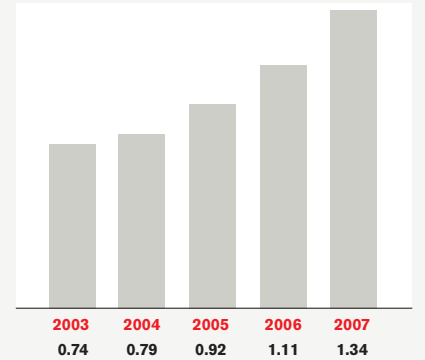
**SHARE REPURCHASES**

Shares in millions



**DIVIDENDS PAID**

Dollars per share



**CORPORATE GOVERNANCE  
AT A GLANCE** (As of 02/27/08)

**Board Accountability**

Board is elected by majority vote	Yes
Majority of Directors independent	Yes
Separate Chairman and CEO	No
Independent Director with leadership role	Yes
Independent Board Affairs and Nominating Committee	Yes
Board meetings held or scheduled	5
Annual Board elections	Yes
Corporate governance guidelines (Operating Principles) approved by the Board	Yes
Independent Directors hold meetings without management present	Yes
Board-approved succession plan in place	Yes
Directors are required to submit a resignation upon a substantive change in career or vocation	Yes
The performance of the Board is reviewed regularly	Yes
The performance of each Committee is reviewed regularly	Yes
Board members conduct periodic individual self-evaluations	No
Board orientation/education program	Yes
All Directors attended at least 75 percent of Board and Committee meetings	Yes
Each Director serves on fewer than six boards of directors	Yes
All Directors attended the annual shareholders meeting on April 25, 2007	Yes

**Financial Disclosure and Internal Controls**

Charters for Audit, Compensation and Board Affairs and Nominating Committees	Yes
Disclosure Committee function for financial reporting	Yes
Independent Audit Committee	Yes
Audit Committee has a financial expert	Yes
Auditors elected at most recent annual meeting	Yes
Company discloses financial performance targets	Yes

**Shareholder Rights**

Shareholders have cumulative voting rights	Yes
Shareholders may call special meetings	Yes
Employees may vote their shares in company-sponsored plans	Yes
All stock-based incentive plans have been approved by shareholders	Yes
An independent tabulator tabulates shareholder votes	Yes
Company has a shareholder rights plan	Yes
Company posts its articles of incorporation and bylaws on Web site	Yes

**Executive Compensation**

Independent Compensation Committee	Yes
Board Compensation Committee has independent compensation consultant	Yes
Executive compensation is tied to performance; numeric criteria are disclosed	Yes

**Corporate Behavior**

A Company employee is tasked with environmental responsibilities	Yes
Company has environmental, health and safety guidelines	Yes
Environmental and workplace safety policy is disclosed	Yes
Environmental performance is audited by an outside firm	No
Company publishes core vision and values statement	Yes
Company compares its governance policies to external best practices	Yes
Company has program to monitor its policies on corruption and bribery	Yes
Company has a code of ethics (Business Conduct Guidelines)	Yes
Company has an ethics officer function	Yes
Training on ethical behavior is required for all employees	Yes

**CORPORATE SOCIAL  
RESPONSIBILITY**



In January 2008, Dick Keyser (center) served a dual role on the floor of the New York Stock Exchange, ringing the opening bell and helping launch the Ready When the Time Comes program in greater New York. Grainger is the national founding sponsor and a key supporter of the American Red Cross effort.

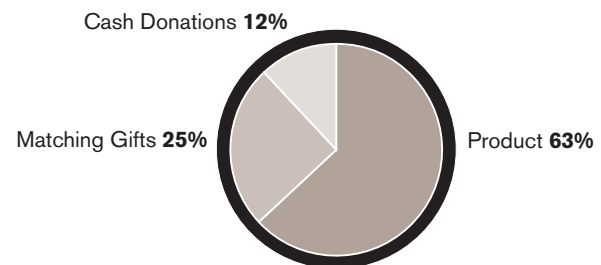
*"Courtesy NYSE Euronext/Photo by M. Nudelman"*

Grainger has a deep resolve to give back to the community, dating to the company's founding 81 years ago. During 2007, the company donated \$10 million to not-for-profit organizations. Employees can, in effect, quadruple their own charitable contributions by taking advantage of the company's generous three-for-one match.

Additionally, Grainger sponsors many far-reaching initiatives aimed at disaster relief and technical education. They include:

- Ready When the Time Comes national corporate volunteer program
- Grainger Rebuilding America® program
- Grainger Tools for Tomorrow® scholarship program

**2007 CHARITABLE CONTRIBUTIONS**



**HISTORICAL FINANCIAL SUMMARY**

		2007	2006	2005
<b>Financial Summary</b> (\$000)	Net sales	\$6,418,014	\$5,883,654	\$5,526,636
	Earnings before income taxes and cumulative effect of accounting change	681,861	603,023	532,674
	Income taxes	261,741	219,624	186,350
	Earnings before cumulative effect of accounting change	420,120	383,399	346,324
	Cumulative effect of accounting change	—	—	—
	Net earnings	420,120	383,399	346,324
	Working capital	974,414	1,155,763	1,290,188
	Additions to property, buildings and equipment	188,867	127,814	112,297
	Depreciation and amortization of property, buildings and equipment	106,839	100,975	98,087
	Current assets	1,800,817	1,862,086	1,985,539
	Total assets	3,094,028	3,046,088	3,107,921
	Shareholders' equity	2,098,108	2,177,615	2,288,976
	Cash dividends paid	113,093	97,896	82,663
	Long-term debt (less current maturities)	4,895	4,895	4,895
	<b>Per Share</b> (\$)	Earnings – basic	5.10	4.36
Earnings – diluted		4.94	4.24	3.78
Cash dividends paid		1.340	1.110	0.920
Book value		26.40	25.90	25.51
Year-end stock price		87.52	69.94	71.10
<b>Ratios</b>	Percent of return on average shareholders' equity	19.7	17.2	15.9
	Percent of return on average total capitalization	19.2	17.2	15.9
	Earnings before income taxes and cumulative effect of accounting change as a percent of net sales	10.6	10.2	9.6
	Earnings before cumulative effect of accounting change as a percent of net sales	6.6	6.5	6.3
	Cash dividends paid as a percent of net earnings	26.9	25.5	23.9
	Total debt as a percent of total capitalization	5.0	0.4	0.4
	Current assets as a percent of total assets	58.2	61.1	63.9
	Current assets to current liabilities	2.2	2.6	2.9
	Average inventory turnover – LIFO	4.3	4.4	4.5
Average inventory turnover – FIFO	3.1	3.1	3.2	
<b>Other Data</b>	Average number of shares outstanding – basic	82,403,958	87,838,723	89,568,746
	Average number of shares outstanding – diluted	85,044,963	90,523,774	91,588,295
	Number of employees	18,036	17,074	16,732
	Number of account managers	2,823	2,699	2,507
	Number of branches	610	593	589
	Number of products in the Grainger® catalog	139,000	115,000	82,400

*Notes: 2002 net earnings include a charge for the cumulative effect of accounting change of \$23,921,000, or \$0.26 per share, and special credits of \$4,458,000, or \$0.05 per share, for gains on sales of investment securities and \$1,183,000, or \$0.01 per diluted share, for the reduction of the reserves established in 2001.*



2004	2003	2002	2001	2000	1999	1998	1997
\$5,049,785	\$4,667,014	\$4,643,898	\$4,754,317	\$4,977,044	\$4,636,275	\$4,438,975	\$4,226,941
445,139	381,090	397,837	297,280	331,595	303,750	400,847	389,636
158,216	154,119	162,349	122,750	138,692	123,019	162,343	157,803
286,923	226,971	235,488	174,530	192,903	180,731	238,504	231,833
—	—	(23,921)	—	—	—	—	—
286,923	226,971	211,567	174,530	192,903	180,731	238,504	231,833
1,108,384	926,773	898,681	838,800	735,678	600,611	541,872	649,107
128,276	74,064	133,978	100,451	65,507	111,900	132,857	105,756
85,566	74,583	75,226	77,737	81,898	72,446	58,256	63,257
1,744,416	1,633,413	1,484,947	1,392,611	1,483,002	1,471,145	1,206,429	1,185,283
2,809,573	2,624,678	2,437,448	2,331,246	2,459,601	2,564,826	2,103,966	2,000,116
2,067,970	1,845,135	1,667,698	1,603,189	1,537,386	1,480,529	1,278,741	1,294,661
71,243	67,281	66,467	65,445	62,863	58,817	56,683	53,934
—	4,895	119,693	118,219	125,258	124,928	122,883	131,201
3.18	2.50	2.30	1.87	2.07	1.95	2.48	2.30
3.13	2.46	2.24	1.84	2.05	1.92	2.44	2.27
0.785	0.735	0.715	0.695	0.670	0.630	0.585	0.530
22.83	20.27	18.21	17.17	16.37	15.85	13.68	13.25
66.62	47.39	51.55	48.00	36.50	47.81	41.63	48.59
14.7	12.9	12.9	11.1	12.8	13.1	18.5	16.8
14.2	12.3	13.6	10.2	11.2	11.0	16.3	15.2
8.8	8.2	8.6	6.3	6.7	6.6	9.0	9.2
5.7	4.9	5.1	3.7	3.9	3.9	5.4	5.5
24.8	29.6	31.4	37.5	32.6	32.5	23.8	23.3
0.5	7.5	7.2	7.8	17.3	23.3	15.5	10.9
62.1	62.2	60.9	59.7	60.3	57.4	57.3	59.3
2.7	2.3	2.5	2.5	2.0	1.7	1.8	2.2
4.6	4.4	4.5	4.7	4.6	4.1	4.4	4.1
3.3	2.9	3.2	3.3	3.2	3.2	3.4	3.2
90,206,773	90,731,013	91,982,430	93,189,132	93,003,813	92,836,696	96,231,829	100,604,518
91,673,375	92,394,085	94,303,497	94,727,868	94,223,815	94,315,479	97,846,658	102,178,952
15,523	14,701	15,236	15,385	16,192	16,730	15,270	15,154
2,154	1,741	1,650	1,641	1,708	1,879	1,887	1,947
582	575	576	579	572	562	532	522
82,300	88,400	98,700	99,900	85,200	81,100	78,400	78,100

Notes: 2001 net earnings include a special charge of \$36,650,000, or \$0.39 per share, to establish a reserve related to the shutdown of Material Logic.

2000 net earnings include gains on the sales of investment securities of \$17,860,000, or \$0.19 per share.

### Note on ROIC

The GAAP financial statements are the source for all amounts used in the Return on Invested Capital (ROIC) calculation. ROIC is calculated using annualized operating earnings based on year-to-date operating earnings divided by a 13-point average for net working assets. Net working assets are working assets minus working liabilities defined as follows: working assets equal total assets less cash equivalents (nonoperating cash), deferred taxes and investments in unconsolidated entities, plus the LIFO reserve. Working liabilities are the sum of trade payables, accrued compensation and benefits, accrued contributions to employees' profit sharing plans and accrued expenses.

**BOARD OF DIRECTORS**



**Brian P. Anderson**  
Former Executive Vice President and Chief Financial Officer, OfficeMax Incorporated, Itasca, Ill.  
(1\*, 2)



**Wilbur H. Gantz**  
Executive Chairman, Ovation Pharmaceuticals Inc., Deerfield, Ill.  
(1, 2)



**V. Ann Hailey**  
Former Executive Vice President, Limited Brands, Inc., Columbus, Ohio  
(1, 2)



**William K. Hall**  
Co-founder and Chairman, Procyon Technologies Inc., Downers Grove, Ill.  
(1, 2)



**Richard L. Keyser**  
Chairman of the Board and Chief Executive Officer



**Stuart L. Levenick**  
Group President, Caterpillar Inc., Peoria, Ill.  
(2, 3)



**John W. McCarter, Jr.**  
President and Chief Executive Officer, The Field Museum of Natural History, Chicago, Ill.  
(2\*, 3)



**Neil S. Novich**  
Former Chairman, President and Chief Executive Officer, Ryerson Inc., Chicago, Ill.  
(2, 3)



**Michael J. Roberts**  
Chief Executive Officer and Founder, Westside Holdings, LLC, Chicago, Ill.  
(2, 3)



**Gary L. Rogers**  
Former Vice Chairman, General Electric Company, Fairfield, Conn.  
(2, 3)



**James T. Ryan**  
President and Chief Operating Officer



**James D. Slavik**  
Chairman, Mark IV Capital, Inc., Newport Beach, Calif.  
(1, 2)



**Harold B. Smith**  
Chairman of the Executive Committee, Illinois Tool Works Inc., Glenview, Ill.  
(2, 3\*)

- (1) Member of Audit Committee
- (2) Member of Board Affairs and Nominating Committee
- (3) Member of Compensation Committee
- \* Committee Chair

**EXECUTIVE MANAGEMENT**

**Richard L. Keyser**  
Chairman of the Board and Chief Executive Officer

**James T. Ryan**  
President and Chief Operating Officer

**Y.C. Chen**  
President, Grainger Industrial Supply

**Timothy M. Ferrarell**  
Senior Vice President, Enterprise Processes and Systems

**Nancy A. Hobor**  
Senior Vice President, Communications and Investor Relations

**John L. Howard**  
Senior Vice President and General Counsel

**Ronald L. Jadin**  
Senior Vice President and Chief Financial Officer \*\*

**P. Ogden Loux**  
Vice Chairman \*\*

**Lawrence J. Pilon**  
Senior Vice President, Human Resources

**John A. Schweig**  
Senior Vice President, Strategy and Development

\*\* Effective March 1, 2008

**OPERATING MANAGEMENT**

**Court D. Carruthers**  
Senior Vice President; President, Acklands – Grainger Inc.

**Patrick H. Davidson**  
Senior Vice President, Sales and Marketing U.S. Branch-based Business

**Cesar A. Lanuza**  
Vice President, Country Manager, Grainger, S.A. de C.V.

**Larry J. Loizzo**  
Senior Vice President; President, Lab Safety Supply, Inc.

**D.G. Macpherson**  
Senior Vice President, Supply Chain U.S. Branch-based Business \*\*\*

**Bonnie J. McIntyre**  
Vice President, International Market Development

**Michael A. Pulick**  
Senior Vice President, Customer Service U.S. Branch-based Business

**Steve Yin**  
Vice President and General Manager, China

\*\*\* Effective February 4, 2008

## SHAREHOLDER AND MEDIA INFORMATION

### Company Headquarters

W.W. Grainger, Inc.  
100 Grainger Parkway  
Lake Forest, Illinois 60045-5201  
847.535.1000 Phone  
847.535.0878 Fax

### Annual Meeting

The 2008 Annual Meeting of Shareholders will be held at the company's headquarters in Lake Forest, Ill., at 10:00 a.m. CDT on Wednesday, April 30, 2008.

### Auditors

Ernst & Young LLP  
Sears Tower  
233 South Wacker Drive  
Chicago, Illinois 60606-6301

### Common Stock Listing

The company's common stock is listed on the New York and Chicago stock exchanges under the trading symbol GWW.

### Transfer Agent, Registrar and Dividend Disbursing Agent

Instructions and inquiries regarding transfers, certificates, changes of title or address, lost or missing dividend checks, consolidation of accounts and elimination of multiple mailings should be directed to:  
Computershare Investor Services  
P.O. Box 43078  
Providence, RI 02940-3078  
800.446.2617

### Dividend Direct Deposit

Shareholders of record have the opportunity to have their quarterly dividends electronically deposited directly into their checking, money market or savings accounts at financial institutions that participate in the automated clearinghouse system.

Shareholders who are interested in taking advantage of this service or would like more information on the program should contact Computershare.

### Investor Relations Contacts

Nancy A. Hobor  
Senior Vice President, Communications and Investor Relations  
847.535.0065

Laura D. Brown  
Vice President, Investor Relations  
847.535.0409

William D. Chapman  
Director, Investor Relations  
847.535.0881

### Forward-Looking Statements

This Annual Report and Form 10-K contain statements that are not historical in nature but concern future results and business plans, strategies and objectives and other matters that may be deemed to be "forward-looking statements" under federal securities laws. Grainger has generally identified such forward-looking statements in this Annual Report by using words such as "achieve," "aim," "can," "complete," "determining," "do better," "expanding," "goals," "increase," "improving," "intend," "invest," "opportunity," "paying off," "plan," "planning," "post," "positioned," "pursuing," "stepping up" or similar expressions.

Grainger cannot guarantee that any forward-looking statement will be realized although Grainger does believe that its assumptions underlying its forward-looking statements are reasonable. Achievement of future results is subject to risks and uncertainties which could cause Grainger's results to differ materially from those which are presented.

Factors that could cause actual results to differ materially from those presented or implied in a forward-looking statement include, without limitation: higher product costs or other expenses; a major loss of customers; increased competitive pricing pressures; failure to develop or implement new technologies or business strategies; the outcome of pending and future litigation or governmental or regulatory proceedings; changes in laws and regulations; disruption of information technology or data security systems; general industry or market conditions; general economic conditions; labor shortages; facilities disruptions or shutdowns; higher fuel costs or disruptions in transportation services; natural and other catastrophes; unanticipated weather conditions; and the factors identified in Item 1A, Risk Factors of the Form 10-K for the fiscal year ended December 31, 2007.

Caution should be taken not to place undue reliance on Grainger's forward-looking statements and Grainger undertakes no obligation to publicly update the forward-looking statements, whether as a result of new information, future events or otherwise.

Upon written request to Investor Relations, we will provide, free of charge, a copy of our Form 10-K for the fiscal year ended December 31, 2007.

Grainger's Annual Report, Fact Book, Form 10-K, Form 10-Q, proxy statement and other filings with the Securities and Exchange Commission, as well as news releases including quarterly earnings and monthly sales, can be accessed free of charge at the Investor Relations section of the company's Web site at [www.grainger.com/investor](http://www.grainger.com/investor). For more information, contact Investor Relations at 847.535.1000.

Requests for other company-related information should be made to Cristen L. Kogel, Corporate Secretary, at the company's headquarters.

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