

# 85 Years of Getting It Done

2012 ANNUAL REPORT

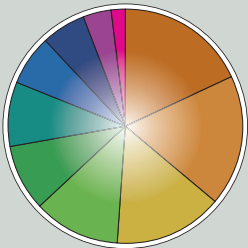


**GRAINGER**<sup>®</sup>  
/// FOR THE ONES WHO GET IT DONE

#### COMPANY INFORMATION

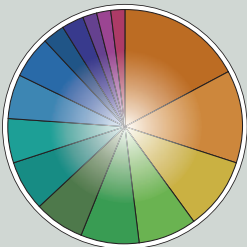
W.W. Grainger, Inc., with 2012 sales of \$9 billion, is North America's leading broad-line supplier of maintenance, repair and operating (MRO) products, with expanding global operations. For more information about the company, visit [www.grainger.com/investor](http://www.grainger.com/investor).

#### 2012 Sales by Customer Category (Total Company)



18%	Commercial
18%	Heavy Manufacturing
15%	Government
12%	Contractor
9%	Light Manufacturing
9%	Other
7%	Retail/Wholesale
6%	Natural Resources
4%	Reseller
2%	Transportation

#### 2012 Sales by Product Category (Total Company)



17%	Safety and Security
13%	Material Handling
10%	Metalworking
8%	Cleaning and Maintenance
8%	Pumps, Plumbing and Test Equipment
7%	Electrical
7%	Hand Tools
6%	HVAC
6%	Lighting
6%	Other
3%	Fluid Power
3%	Power Tools
2%	Motors
2%	Power Transmission
2%	Specialty Brands

## 85 Years of Getting It Done

W.W. Grainger, Inc. was founded in 1927 to serve the hardworking people who maintain and operate facilities. The business, which began with an eight-page catalog of motors and other products, now offers a broad array of more than one million maintenance, repair and operating (MRO) products to two million customers around the globe.

Relationships are central to Grainger's success. The company's strong commitment to customers also extends to team members, suppliers, communities and shareholders. Every day, Grainger's people are focused on upholding the tradition of service and quality established 85 years ago. Today and in the future, Grainger is proud to serve "the ones who get it done."

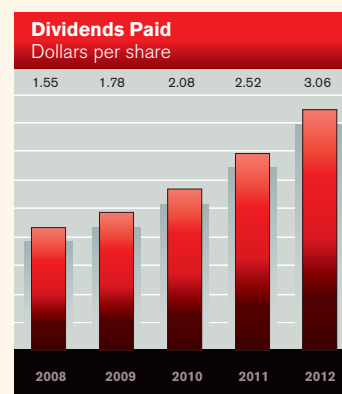
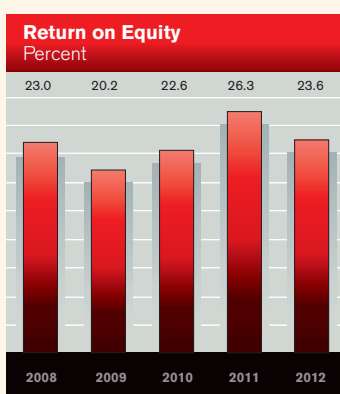
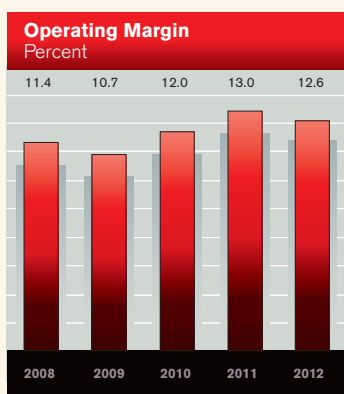
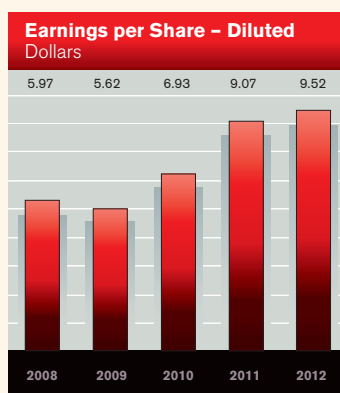
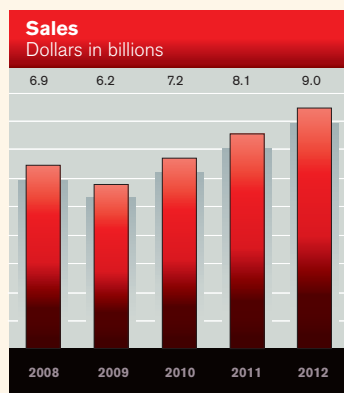




## FINANCIAL HIGHLIGHTS

(In thousands of dollars, except per share amounts)

	2012	2011	% Change
<b>Income Statement</b>			
Net sales .....	\$8,950,045	\$8,078,185	10.8%
Gross profit .....	3,916,160	3,510,792	11.5%
As a percent of net sales.....	43.8%	43.5%	
Operating earnings.....	1,131,125	1,052,429	7.5%
As a percent of net sales.....	12.6%	13.0%	
Earnings before income taxes.....	1,117,789	1,051,527	6.3%
As a percent of net sales.....	12.5%	13.0%	
Net earnings attributable to W.W. Grainger, Inc. ....	\$689,881	\$658,423	4.8%
As a percent of net sales.....	7.7%	8.1%	
<b>Per Share</b>			
Earnings – basic .....	\$9.71	\$9.26	4.9%
Earnings – diluted.....	\$9.52	\$9.07	5.0%
Cash dividends paid .....	\$3.06	\$2.52	21.4%
Average number of shares outstanding – diluted .....	71,181,733	71,176,158	0.0%
<b>Balance Sheet and Cash Flow</b>			
Working capital .....	\$1,603,748	\$1,438,375	11.5%
Cash flow from operations .....	816,195	746,108	9.4%
Additions to property, buildings and equipment – net .....	241,330	189,664	27.2%
<b>Financial Ratios and Other Data</b>			
Return on average shareholders' equity.....	23.6%	26.3%	
Return on average total capitalization.....	20.5%	22.2%	
Return on invested capital (ROIC)*.....	29.1%	31.9%	
Number of branches.....	715	711	
Number of employees.....	22,413	21,446	4.5%



\* See page 7 for definition.

## TO OUR SHAREHOLDERS



James T. Ryan  
Chairman, President and  
Chief Executive Officer

William Wallace Grainger founded this company 85 years ago to provide businesses with products of the best quality and service of the highest standard. Driving value for our customers and our shareholders, creating opportunities for our people, managing for the long-term and operating with integrity are at our core. What began as a simple vision in 1927 has grown into a thriving \$9 billion business.

Through technology, an unparalleled supply chain and an outstanding team of people, Grainger today is an integrated, multichannel company that serves two million businesses around the globe. In the eyes of our customers, Grainger has become a beacon of reliability. We serve hardworking people who keep the economy running. While products like motors, fasteners, lights and generators may not be glamorous to some, they are critical to keeping businesses and institutions functioning and the people in them safe.

As our customers' needs continue to change, products alone are no longer enough. Businesses are relentlessly focused on reducing costs and becoming more productive. Regardless of their industry, our customers are faced with mandates to improve productivity, ensure a safe environment for their employees and run their operations in a more environmentally friendly way. We understand these dynamics and have the products, information, services and people they need.

Through steadfast service and running a healthy business, Grainger has built a strong financial position. Deep within our culture is a responsibility to continue this legacy and grow the company profitably for future generations. In 2012, we continued to deliver on this commitment by investing in the business and providing strong returns to our shareholders.

### Strong performance in ambiguous times

In 2012, we delivered another record year with continued growth in sales and earnings. As the economy softened throughout the year, our improved productivity and ability to quickly adjust served us well.

- Sales for the year were \$9 billion, an increase of 11 percent versus 2011. Reported earnings per share were \$9.52, up 5 percent; on an adjusted basis, earnings per share were \$10.43, up 15 percent. The year included \$0.91 per share of unique items including a \$0.66 per share charge to settle a long-standing contract dispute with the federal government.
- Our continued productivity initiatives allowed us to achieve \$175 million in savings, of which \$70 million was reinvested in growth programs. Past economic cycles have taught us which levers to pull to manage expenses, invest in the business and generate cash at the same time.
- In 2012, cash flow from operations was \$816 million, enabling us to fund capital expenditures of \$241 million and two acquisitions. We returned \$561 million in cash to shareholders, through \$220 million in dividends and the repurchase of 1.7 million shares of stock.



In September 2012, Grainger celebrated its 85th year of serving customers in the United States.



Grainger has been recognized by several organizations as a top workplace.

**2012 HIGHLIGHTS****A strong foundation helps our businesses perform well**

In 2012, we made substantial investments in our foundation to help ensure that each of our businesses continues to grow profitably. Grainger's global supply chain and information systems are part of that foundation. This past year we focused on improving the capacity and productivity of our network.

- Our new Midwest distribution center in the Chicago area began operations, significantly adding to our capacity. The new facility will ultimately stock more than 500,000 products and is equipped with a goods-to-person technology system that drives productivity and ergonomic benefits by bringing the products to team members.
- In Saskatoon, Saskatchewan, we relocated our existing distribution center to a new, larger facility to further meet the needs of our expanding customer base in this region. We also established a consolidation center in Ontario to reduce inbound freight costs for our Canadian business and finalized plans for a larger, more modern distribution center in the Toronto area.
- Our joint venture in Japan, MonotaRO, began construction of a new office and warehouse that is slated to open in 2013. The new facility will span 450,000 square feet and accommodate more than 100,000 additional products.
- We started the work of updating and replacing our information systems in Canada and Mexico. These investments will add exciting new capabilities to two already well-performing businesses.

**Investing in our capabilities drives growth**

Customers continue to ask Grainger for help reducing their costs and managing their inventory. In 2012, we continued to invest to grow the business through expanding our product and service offering and extending our reach.

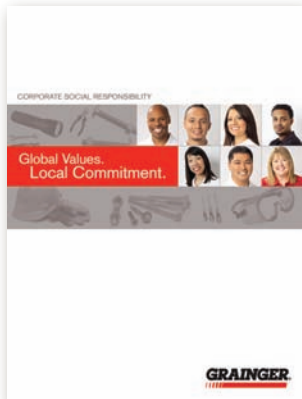
- We know that strong customer relationships are critical to growth. In 2012, we added new sales representatives across our businesses in the United States, Canada, Mexico and Brazil. Sales representatives added in the past four years contributed 1 percentage point to revenue growth in 2012.
- Product line expansion once again delivered strong returns this past year. We added more than 100,000 new products to our total company offering in 2012, providing more choices for customers and greater competitive advantage.
- Helping customers manage their inventory is a priority for our businesses in the United States, Canada, Europe and Mexico as businesses seek new ways to become more productive. Sales to customers who use our inventory solutions grow faster than customers without this service. We added more than 10,000 inventory management installations across our business.
- eCommerce was again Grainger's fastest growing channel in 2012, comprising more than 30 percent of total company sales. Improving how customers find, buy and manage their inventory online was a main focus for our eCommerce team.
- Having an international presence provides us both purchasing and supply chain scale, access to new, fast-growing markets and the ability to share new ideas and expertise. In 2012, we continued to build our position across the globe and refined our strategy to focus on markets that have the greatest potential for long-term leadership and profitability.
  - Our 123-year-old Canadian business surpassed \$1 billion in sales and continued to achieve double-digit operating margins.
  - In Europe, Fabory managed through a difficult economy by more closely aligning its cost structure with the economic environment.
  - We entered Brazil, the largest MRO market in Latin America, through the acquisition of AnFreixo S.A.



Having the right people enables Grainger to enhance the capabilities needed to win today and in the future. In 2012, the company opened an eCommerce office in downtown Chicago, a growing market for high-tech talent.



Traffic to the Grainger.com® website consistently exceeded 10 million visits per month with 5 percent coming from mobile, outpacing both traditional competitors and online retailers with MRO offerings.



Grainger's Corporate Social Responsibility Report will be released in March 2013.



On hand for Grainger's 85th Anniversary celebration were David W. Grainger, Senior Chairman; Jim Ryan, Chairman, President and CEO; and Dick Keyser, former Chairman and CEO.

### **Sustainable business is successful business**

We know that customers, suppliers, investors and team members want to work with a company they trust and that is well regarded in the community. Service and reliability are at the core of our business and at the heart of our commitment to the communities where we operate. I'm very pleased to announce that in March 2013, Grainger will publish a Corporate Social Responsibility report and website. Grainger and our people are making a difference in our business practices, work places, communities and the environment.

In 2012, Grainger reported its U.S. carbon footprint, a measure of greenhouse gas emissions, for the first time. We are the first industrial distributor to publicly disclose this information through the Carbon Disclosure Project. Reporting carbon emissions is a growing trend for companies around the globe and an indicator of a company's commitment to operating in a sustainable manner.

### **A strong heritage, a stronger future**

People have been at the heart of this company's success for 85 years. They have built our reputation for ethics and integrity and delivered unparalleled service and results. Our team members are passionate about the way they serve our customers, communities and each other. As this industry becomes more competitive, service and relationships matter even more. Thanks to our team members, Grainger is more than a supplier; we are a trusted, reliable partner.

The worldwide MRO market continues to be highly fragmented and we are excited by the opportunities to gain market share in 2013 and beyond. Our focus is on expanding capabilities that help our customers become more productive and their people safe, and delivering these capabilities through great customer service.

We will continue to drive the full potential of our businesses in the United States, Mexico, Canada and Japan. And we look forward to building our business in Brazil, while stabilizing and growing our business in Europe. We will do this by keeping service levels high and our people in front of customers everywhere we operate. And we will continue to invest in attracting, growing and developing the best team in the industry.

Grainger is a business built for the ages and I am confident that we will continue to extend our market leadership position. I want to thank those who have shared our first 85 years with us. To our team members, customers, suppliers and shareholders, your dedication to Grainger has helped make us who we are today and your trust in us will help sustain a strong, prosperous future.

As we move ahead, we would like to thank Bill Gantz, a Grainger director for 28 years, who is leaving the Board this year. We appreciate the wisdom and sound judgment Bill has brought during his years of service to Grainger.

A lot has changed since 1927, but the principles instilled by our founder endure. We are committed to building on our proud heritage and growing this great company.

James T. Ryan  
Chairman of the Board, President and Chief Executive Officer

February 27, 2013

## CORPORATE GOVERNANCE AT A GLANCE

### Board Accountability

Board is elected by majority vote . . . . .	Yes
Majority of Directors independent . . . . .	Yes
Separate Chairman and CEO . . . . .	No
Independent Lead Director . . . . .	Yes
Independent Board Affairs and Nominating Committee . . . . .	Yes
Number of Board meetings held or scheduled . . . . .	5
All Directors elected annually . . . . .	Yes
Corporate governance guidelines (Operating Principles) approved by the Board . . . . .	Yes
Board plays active role in risk oversight . . . . .	Yes
Independent Directors hold meetings without management present . . . . .	Yes
Board-approved succession plan in place . . . . .	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 . . . . .	Yes
Board orientation/education program . . . . .	Yes
Directors must tender resignation upon a substantive change in career (Criteria for Membership) . . . . .	Yes
All Directors are expected to attend annual shareholders meeting . . . . .	Yes
All Directors attended at least 75 percent of Board and Committee meetings . . . . .	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

For more information on Corporate Governance, visit [www.grainger.com](http://www.grainger.com).

### Shareholder Rights

Company has a shareholder rights plan . . . . .	No
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 posts its articles of incorporation and bylaws on website . . . . .	Yes

### Executive Compensation

Independent Compensation Committee . . . . .	Yes
Board Compensation Committee has independent compensation consultant . . . . .	Yes
Compensation risk assessment conducted . . . . .	Yes
The Company does not have employment agreements . . . . .	Yes
Executive compensation is tied to performance; numeric criteria are disclosed . . . . .	Yes
The Company has the ability to claw back incentive compensation . . . . .	Yes
CEO salary is no more than 2½ times salary of next highest paid named executive officer . . . . .	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 independent outside firm . . . . .	No
Company publishes core vision and values statement . . . . .	Yes
Company compares its governance policies to an external code of best practices . . . . .	Yes
Company has program in place to monitor its policies on corruption and bribery . . . . .	Yes
Company has a code of ethics (Business Conduct Guidelines) . . . . .	Yes
Company has an ethics officer . . . . .	Yes
Training on ethical behavior is required for all employees . . . . .	Yes

## CORPORATE SOCIAL RESPONSIBILITY



OPERATING RESPONSIBLY



VALUING OUR PEOPLE



SERVING OUR COMMUNITIES



SUSTAINABILITY AS A PRIORITY

Grainger's spirit of service goes beyond helping customers maintain their facilities. The company is committed to operating responsibly and having a positive effect in the communities where it does business. In 2012, Grainger donated more than \$22 million to charitable organizations in cash, products and employee matching gifts. Team members around the globe also give generously of their time and talents to help in their local communities. To learn more about Grainger's corporate social responsibility (CSR) initiatives and view the most recent CSR report, visit [www.graingercsr.com](http://www.graingercsr.com).



**HISTORICAL FINANCIAL SUMMARY**

		2012	2011	2010
<b>Financial Summary</b> (\$000)	Net sales	\$8,950,045	\$8,078,185	\$7,182,158
	Earnings before income taxes and cumulative effect of accounting change	1,117,789	1,051,527	853,778
	Income taxes	418,940	385,115	340,196
	Earnings before cumulative effect of accounting change	689,881	658,423	510,865
	Cumulative effect of accounting change	—	—	—
	Net earnings attributable to W.W. Grainger, Inc.	689,881	658,423	510,865
	Working capital	1,603,748	1,438,375	1,162,318
	Additions to property, buildings and equipment and capitalized software	249,860	196,942	127,124
	Depreciation and amortization	145,612	137,211	137,793
	Current assets	2,900,640	2,694,900	2,238,071
	Total assets	5,014,598	4,716,062	3,904,377
	Shareholders' equity	3,117,366	2,724,279	2,287,670
	Cash dividends paid	220,077	180,527	152,338
	Long-term debt (less current maturities)	467,048	175,055	420,446
	<b>Per Share</b> (\$)	Earnings – basic	9.71	9.26
Earnings – diluted		9.52	9.07	6.93
Cash dividends paid		3.06	2.52	2.08
Book value		44.87	38.94	32.97
Year-end stock price		202.37	187.19	138.11
<b>Ratios</b>	Percent of return on average shareholders' equity	23.6	26.3	22.6
	Percent of return on average total capitalization	20.5	22.2	18.7
	Earnings before income taxes and cumulative effect of accounting change as a percent of net sales	12.5	13.0	11.9
	Earnings before cumulative effect of accounting change as a percent of net sales	7.7	8.1	7.1
	Cash dividends paid as a percent of net earnings	31.9	27.4	29.8
	Total debt as a percent of total capitalization	15.3	15.9	17.8
	Current assets as a percent of total assets	57.8	57.1	57.3
	Current assets to current liabilities	2.7	1.9	2.6
	Average inventory turnover – FIFO	2.8	3.0	3.1
Average inventory turnover – LIFO	3.9	4.0	4.4	
<b>Other Data</b>	Average number of shares outstanding – basic	69,811,881	69,690,854	70,836,945
	Average number of shares outstanding – diluted	71,181,733	71,176,158	72,138,858
	Number of employees	22,413	21,446	18,596
	Number of outside sales representatives	4,157	4,029	3,079
	Number of branches	715	711	607
	Number of products in the Grainger® catalog issued February 1	410,000	354,000	307,000

*Note: See the company's current and prior years' Form 10-K for changes in accounting and unusual items.*



2009	2008	2007	2006	2005	2004	2003	2002
\$6,221,991	\$6,850,032	\$6,418,014	\$5,883,654	\$5,526,636	\$5,049,785	\$4,667,014	\$4,643,898
707,337	773,218	681,861	603,023	532,674	445,139	381,090	397,837
276,565	297,863	261,741	219,624	186,350	158,216	154,119	162,349
430,466	475,355	420,120	383,399	346,324	286,923	226,971	235,488
—	—	—	—	—	—	—	(23,921)
430,466	475,355	420,120	383,399	346,324	286,923	226,971	211,567
1,026,690	1,064,094	1,021,663	852,472	1,290,188	1,108,384	926,773	898,681
142,414	194,975	197,423	136,764	157,247	160,758	80,486	144,052
140,974	135,137	127,882	114,884	105,671	96,305	88,629	92,811
2,131,515	2,144,109	1,800,817	1,862,086	1,985,539	1,744,416	1,633,413	1,484,947
3,726,332	3,515,417	3,094,028	3,046,088	3,107,921	2,809,573	2,624,678	2,437,448
2,227,199	2,033,805	2,098,108	2,177,615	2,288,976	2,067,970	1,845,135	1,667,698
134,684	121,504	113,093	97,896	82,663	71,243	67,281	66,467
437,500	488,228	4,895	4,895	4,895	—	4,895	119,693
5.70	6.07	5.01	4.36	3.87	3.18	2.50	2.30
5.62	5.97	4.91	4.24	3.78	3.13	2.46	2.24
1.78	1.55	1.34	1.11	0.92	0.79	0.74	0.72
30.81	27.20	26.40	25.90	25.51	22.83	20.27	18.21
96.83	78.84	87.52	69.94	71.10	66.62	47.39	51.55
20.2	23.0	19.7	17.2	15.9	14.7	12.9	12.9
16.4	20.3	19.2	17.2	15.9	14.2	12.3	13.6
11.4	11.3	10.6	10.2	9.6	8.8	8.2	8.6
6.9	6.9	6.6	6.5	6.3	5.7	4.9	5.1
31.3	25.6	26.9	25.5	23.9	24.8	29.6	31.4
19.1	20.7	5.0	0.4	0.4	0.5	7.5	7.2
57.2	61.0	58.2	61.1	63.9	62.1	62.2	60.9
2.7	2.8	2.2	2.6	2.9	2.7	2.3	2.5
2.7	2.9	3.1	3.1	3.2	3.3	2.9	3.2
3.8	4.1	4.3	4.4	4.5	4.6	4.4	4.5
73,786,346	76,579,856	82,403,958	87,838,723	89,568,746	90,206,773	90,731,013	91,982,430
74,891,852	77,887,620	84,173,381	90,523,774	91,588,295	91,673,375	92,394,085	94,303,497
18,006	18,334	18,036	17,074	16,732	15,523	14,701	15,236
2,845	2,433	2,386	1,805	2,507	2,154	1,741	1,650
612	617	610	593	589	582	575	576
233,000	183,000	139,000	115,000	82,400	82,300	88,400	98,700

**NOTE ON ROIC**

Prior to January 2011, ROIC was calculated using annual operating earnings divided by a 13-point (monthly) average for net working assets. Moving forward, ROIC will be calculated using a 5-point (quarterly) average for net working assets to provide greater transparency. Net working assets are working assets minus working liabilities defined as follows: working assets equal total assets less cash equivalents (non-operating 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**

President and Chief Executive Officer, PathoCapital LLC, Northbrook, Ill.  
(1, 2)

### **V. Ann Hailey**

President, Chief Executive Officer and Chief Financial Officer, Famous Yard Sale, Inc., New Albany, Ohio  
(1; 2)

### **William K. Hall**

Founding Partner, Procyon Advisors LLP, Skokie, Ill.  
(1, 2)

### **Stuart L. Levenick**

Group President, Caterpillar Inc., Peoria, Ill.  
(2, 3\*)

### **John W. McCarter, Jr.**

President Emeritus of 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**

Former Global President and COO of McDonalds Corporation, CEO of LYFE Kitchen, Chicago, Ill.  
(2, 3)

### **Gary L. Rogers**

Former Vice Chairman, General Electric Company, Fairfield, Conn.  
(1, 2)

### **James T. Ryan**

Chairman, President and Chief Executive Officer, W.W. Grainger, Inc.

### **E. Scott Santi**

President and Chief Executive Officer, Illinois Tool Works Inc., Glenview, Ill.  
(1, 2)

### **James D. Slavik**

Chairman, Mark IV Capital, Inc., Newport Beach, Calif.  
(2, 3)

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

## EXECUTIVE AND OPERATING MANAGEMENT

### **Laura D. Brown**

Senior Vice President, Communications and Investor Relations

### **Court D. Carruthers**

Senior Vice President; President, Grainger U.S.

### **Timothy M. Ferrarell**

Senior Vice President and Chief Information Officer

### **Joseph C. High**

Senior Vice President and Chief People Officer

### **John L. Howard**

Senior Vice President and General Counsel

### **Ronald L. Jadin**

Senior Vice President and Chief Financial Officer

### **DG Macpherson**

Senior Vice President; President, Global Supply Chain and Corporate Strategy

### **Michael A. Pulick**

Senior Vice President; President, Grainger International

### **James T. Ryan**

Chairman, President and Chief Executive Officer

## 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 2013 Annual Meeting of Shareholders will be held at the company's headquarters in Lake Forest, Illinois, at 10:00 a.m. CDT on Wednesday, April 24, 2013.

### Auditors

Ernst & Young LLP  
155 North Wacker Drive  
Chicago, Illinois 60606-1787

### 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 Trust Company, N.A.  
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 at the above address.

### Investor Relations Contacts

Laura D. Brown  
Senior Vice President, Communications and Investor Relations  
847.535.0409

William D. Chapman  
Senior Director, Investor Relations  
847.535.0881

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, 2012.

Grainger's Annual Report, Form 10-K, Form 10-Q, proxy statement and other filings with the Securities and Exchange Commission, as well as the Fact Book and news releases including quarterly earnings and monthly sales, can be accessed free of charge at the Investor Relations section of the company's website 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 David Rawlinson, Vice President, Deputy General Counsel and Corporate Secretary, at the company's headquarters.

### Media Relations Contact

Joseph Micucci  
Director, Media Relations  
847.535.0879

### Trademarks

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All other trademarks and service marks are the property of their respective owners.

### 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 "can", "continue", "continued", "continues", "expect", "expected", "forward", "future", "gain", "gain market share", "goals", "moving forward", "grow", "grow faster", "growing", "growth", "intend", "look forward to", "plan", "plans", "strategy", "will" or similar expressions.

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; loss or disruption of source of supply; 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; investigations, inquiries, audits and changes in laws and regulations; disruption of information technology or data security systems; general industry or market conditions; general global economic conditions; currency exchange rate fluctuations; market volatility; commodity price volatility; labor shortages; litigation involving appropriate payment for wages; 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 in the Form 10-K.

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.



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