2010 ANNUAL REPORT

GRAINGER®

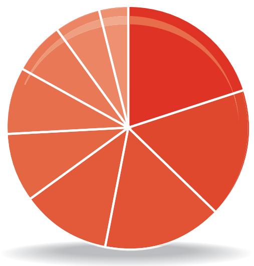
FOR THE ONES WHO GET IT DONE

COMPANY INFORMATION

W.W. Grainger, Inc., with 2010 sales of $7.2 billion, is North America's leading broad-line supplier of maintenance, repair and operating products, with an expanding presence in Asia and Latin America. For more information on Grainger, visit www.grainger.com/investor.

2010 SALES BY CUSTOMER CATEGORY

(TOTAL COMPANY)

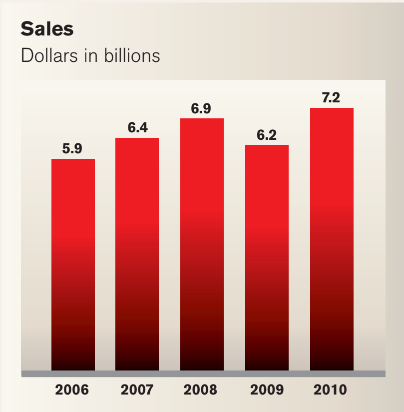


20% Commercial
17% Government
16% Heavy Manufacturing
12% Contractor
9% Light Manufacturing
9% Other
7% Retail/Wholesale
6% Agriculture and Mining
4% Reseller

2010 SALES BY PRODUCT CATEGORY

(TOTAL COMPANY)

15% Safety and Security
12% Material Handling
9% Cleaning and Maintenance
8% Metalworking
8% Pumps, Plumbing and Test Equipment
7% Electrical
7% Hand Tools
6% Lighting
5% Specialty Brands
4% Fluid Power
4% HAC/R
4% Other
4% Ventilation
3% Power Tools
2% Motors
2% Power Transmission



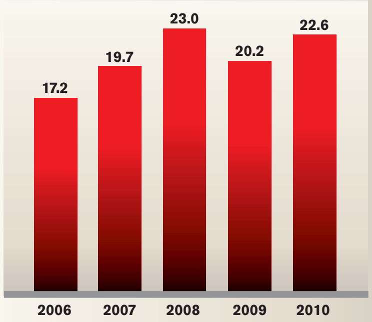
Financial Highlights

(In thousands of dollars, except per share amounts)	2010	2009	% Change
Income Statement			
Net sales	$7,182,158	$6,221,991	15.4%
Gross profit	3,005,684	2,598,526	15.7%
As a percent of net sales	41.8%	41.8%	
Operating earnings	860,475	665,224	29.4%
As a percent of net sales	12.0%	10.7%	
Earnings before income taxes	853,778	707,337	20.7%
As a percent of net sales	11.9%	11.4%	
Net earnings attributable to W.W. Grainger, Inc.	$510,865	$430,466	18.7%
As a percent of net sales	7.1%	6.9%	
Per Share			
Earnings – basic*	$7.05	$5.70	23.7%
Earnings – diluted*	$6.93	$5.62	23.3%
Cash dividends paid	$2.08	$1.78	16.9%
Average number of shares outstanding – diluted	72,138,858	74,891,852	(3.7)%
Balance Sheet and Cash Flow			
Working capital	$1,368,768	$1,354,716	1.0%
Cash flow from operations	596,445	732,396	(18.6)%
Additions to property, buildings and equipment – net	120,616	140,730	(14.3)%
Financial Ratios and Other Data			
Return on average shareholders' equity	22.6%	20.2%	
Return on average total capitalization	18.7%	16.4%	
Return on invested capital (ROIC)**	29.8%	24.9%	
Number of branches	607	612	
Number of employees	18,596	18,006	3.3%

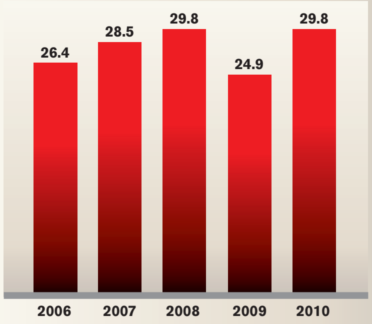
* See Notes, page 6

** See page 7 for definition

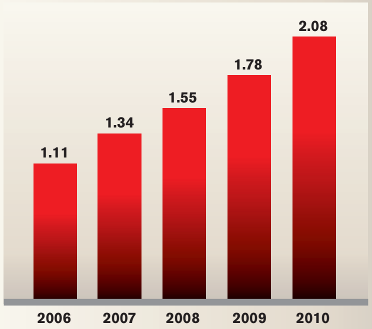
Return on Equity
Percent



Return on Invested Capital**
Percent



Dividends Paid
Dollars per share



To Our Shareholders

James T. Ryan
Chairman, President and
Chief Executive Officer

COMPANY GOALS FOR 2011

- Add locally relevant products to the already broad offering to drive growth in domestic and targeted international markets.
- Expand the sales force to improve customer coverage.
- Launch new or additional safety, sustainability and inventory management services in the Americas and Asia.
- Enhance the eCommerce platform to drive rapid, worldwide growth.
- Expand the capacity of the global logistics network.
- Continue to extend Grainger's reach in targeted international markets.

By all measures, 2010 was an exceptional year for Grainger. Despite an uncertain economy, we achieved record growth and earnings and provided shareholders a total return of 45 percent compared to a 15 percent return for the Standard & Poor's 500. Our performance was particularly rewarding in the wake of a deep recession and its impact on the global business climate. We gained a deeper understanding of our customers' needs as they continued to grapple with economic conditions and the challenge of remaining competitive in an increasingly global marketplace. Many businesses and institutions, cautious about the progress of recovery, decided to do more with less and are looking in every corner of their operations for greater efficiency. They are also finding that improving the way they purchase and manage maintenance, repair and operating (MRO) products and services presents a great opportunity to reduce costs and improve productivity.

Grainger has been there to help customers meet this challenge with a unique ability to provide easy access to an extensive offering of MRO products and services. For years, we have been talking with them about the benefits of consolidating their MRO suppliers to drive improvements in productivity. More customers, large to small, are taking us up on our offer.

We, too, remained vigilant about controlling our own expenses; however, we also leveraged our financial strength to make continued investments in service. While many of our competitors were forced to pull back on customer service and inventory, our strong balance sheet and ability to generate cash provided a solid foundation to invest in our business. We added inventory, hired more sales representatives and expanded our international operations. These steps helped us gain market share both in the downturn and through the recovery.

Record Performance in 2010

In 2010, Grainger reached its first $7 billion year, posting $7.2 billion in sales, up 15 percent from 2009. Net earnings of $511 million were up 19 percent. Earnings per share of $6.80 increased 30 percent year over year, excluding unusual items in both years.

Grainger's directors voted last April to raise the quarterly dividend more than 17 percent, marking the 39th consecutive year of dividend increases. We are one of only 15 S&P 500 companies with this distinction. In addition, Grainger repurchased 4.6 million shares of stock and in total returned $657 million to shareholders in the form of dividends and share repurchases.

Advancing Grainger's Global Position

2010 was a transitional year for the world economy. Many businesses, encouraged by the signs of recovery, began replenishing depleted inventories, which fueled a rebound in the manufacturing sector. There isn't a more MRO-intensive industry than manufacturing and this global segment performed extremely well throughout the year. Heavy and light manufacturing end markets represent 25 percent of our total business and both yielded strong results. In fact, each of the diverse end markets we serve was up for the year with the exception of the contractor segment, which was down slightly.

In addition, there continues to be opportunities to grow in global markets. Wherever you go in the world, the MRO industry is highly fragmented. Our unique ability to have the right products, in the right place, at the right time – combined with great customer service – gives us a competitive advantage. We used this advantage in 2010 to advance our leadership position in the U.S. and to grow internationally.

Highlights of 2010

In the U.S. business, we:

- Continued to expand our product offering. Five years ago we had approximately 82,000 products in our U.S. catalog. Our 2010 catalog had 307,000 products, which makes it far easier for customers to choose us when they consolidate their MRO suppliers. We are continuing our aggressive product expansion program in 2011, growing our catalog to 354,000 products – more than four times our 2005 offering. We believe the sweet spot to be 450,000 – 500,000 products, so we have promising growth opportunities in this proven program over the next few years.
- Improved service and efficiency by expanding our industry leading supply chain. We are adding one million square feet to our distribution network in the United States. We expect our new San Francisco distribution center will open by the end of 2011 and a new distribution center outside of Chicago should be ready in the second half of 2012. We also completed significant upgrades to the Greenville distribution center in 2010, equipping it to carry both Grainger and Specialty Brand products. Our Specialty Brand products were previously stocked in one location in Wisconsin. These three facilities will be capable of shipping orders for multiple brands.
- Continued to hire more salespeople with additional focus in key industries such as government, healthcare and manufacturing.
- Announced the acquisition of SafetyCertified Inc., now known as Grainger's Online Safety Manager,℠ which offers online programs and tools to assist organizations in their efforts to comply with workplace safety requirements.
- Surpassed 12,500 customer on-site implementations of our KeepStock® inventory management solution. These installations represent customer locations where we either send a Grainger representative to fill customer bins (vendor managed inventory) or we provide the tools for customers to fill the bins on their own (customer managed inventory).
- Repositioned our Specialty Brands business to focus on growing markets that are large enough to provide strategic benefits to our core offering and that can leverage Grainger's distribution capabilities.

On the international front, we:

- Created a Global Accounts program dedicated to serving our largest, highest potential MRO customers.
- Acquired three new businesses to expand our footprint in Eastern Canada: Ranson Industrial and Safety Supplies Inc., Solus Sécurité Inc. and the New Brunswick and Nova Scotia business of Wolseley Industrial Products (Amalgamated) Inc.
- Entered into a joint venture in Colombia with an affiliate of Torhefe S.A. to create Grainger Colombia.
- Expanded our supply chain by adding a new regional warehouse in South China; opened a distribution center in British Columbia, Canada; and announced the relocation of our distribution center in Saskatchewan, Canada, to a much larger facility.
- Improved the profitability of Grainger's Other Businesses. Sales increased and we went from an operating loss in 2009 to a positive contribution for the year.

Although 2010 was an exceptional year for Grainger, our greatest opportunities are ahead. Grainger is well positioned to capitalize on the broadening economic recovery through its diversified customer base. We will work even harder to be the most valued partner to the people responsible for keeping workplaces safe, efficient and functioning. Our people are the key to future growth. We are a service business and ultimately great service is delivered by great people. In fact, in 2010, our team was widely recognized.

AWARDS AND RECOGNITION

- No. 1, America's Most Admired Company, Diversified Wholesalers – *Fortune* Magazine
- Named one of the Best Places to Work in Information Technology – *Computerworld*
- Ranked No. 13 on the Most Admired Companies for HR – *Human Resource Executive* Magazine
- Ranked No. 6 among large companies on the *Chicago Tribune's* Top Workplaces 2010 list
- Named one of the 2010 "Best of the Best" by *The Black E.O.E. Journal* for Supplier Diversity
- Ranked 100 on the *InformationWeek 500* list for the innovative use of IT
- Awarded the Platinum Level by Canada's 10 Most Admired Corporate Cultures™ program

Our commitment to service extends to communities internationally. In the U.S., we are committed to supporting technical education and have expanded our scholarships to include awards to veterans, an important source of future skilled labor. Additionally, we are actively involved in the U.S. and Canada to help build greater community resiliency through disaster preparedness. These programs reflect our culture of service and provide avenues for our people to help communities thrive.

CORPORATE SOCIAL RESPONSIBILITY PROGRAMS

- **National Founding Sponsor of the American Red Cross' *Ready When the Time Comes*™ program**
- **Grainger Tools for Tomorrow® scholarship program**

Strategic Focus

Our culture of service is also having a profound impact on how businesses are approaching MRO. Supplier consolidation is taking hold in our industry because it is one of the most successful techniques customers have to drive cost out of their operations. Multiple suppliers generate more invoices, more shipments, more purchase orders, more inventory to manage and more relationships to maintain. All of these activities require time and resources. Manufacturers have long recognized the benefits of consolidating their raw material purchases and the more sophisticated ones are now consolidating purchasing of MRO products and services. Other industries are also catching on. Our people, our product lines, our supply chain and our systems give businesses and institutions the confidence they need to consolidate suppliers. They trust that we will execute when called upon.

To earn our role as the valued partner to the people who keep workplaces safe, efficient and functioning, we will stay focused and execute on three primary areas.

First, we will continue to invest in our foundation. We never forget that our business depends on providing outstanding customer service. We'll ensure that it is easy for our customers to do business with us. This includes leading the industry with availability of the best assortment of products enabled by highly effective information systems. Our dedicated team members will build an even stronger foundation through continuous improvement.

Second, we will invest in proven growth strategies. More than a quarter of our sales are transacted through the Internet. The growth from this channel has outpaced the rest of the business over the past decade and it is our most cost-efficient channel. We'll continue to improve our eCommerce capabilities by making our sites easier to use and more customized for our customers. Internationally, we will focus on accelerating growth while improving the profitability of our existing operations. We also plan to add services to our portfolio, bringing us closer to our customers' operations, including the continued ramp-up of our KeepStock® inventory management solution. We will continue to fine-tune our sales coverage to ensure we are spending more time with customers to understand their business.

And third, we will continue to leverage our scale. We are the market leader and we will use our size to our best advantage to win in a consolidating marketplace. With over a million products in our growing offering, we will develop our supply chain network to deliver products even more quickly so our customers don't have to keep them in stock. We'll also find new ways to harvest the information in our systems. The better we are at managing information, the better our service to customers.

Summary

Grainger has emerged from the recession well positioned for growth and market share gain. We have a proven track record of being a company that provides consistent shareholder value. We have the right strategy and the right team to lead the consolidation of the MRO industry. Great service is delivered by great people. We'll continue to invest in our people to help them reach their potential. A large part of our leadership team's compensation is tied directly to company performance and profitability, helping to ensure that decisions are always made in the best interest of our shareholders.

We'll build on our very solid foundation for even greater success. We will do this by maintaining a strong focus on the needs of our 2 million customers worldwide and by helping them succeed in saving time and money on their MRO needs. There has never been a better time to be a part of Grainger or this industry. Thank you to our shareholders, customers, suppliers and team members for working together to make it all possible.

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

February 25, 2011

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.

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	No
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

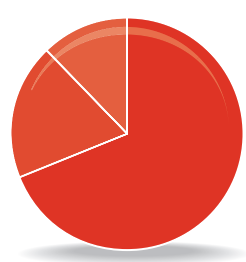
A company employee is tasked with environmental responsibilities	Yes
Company has environmental, health and safety guidelines	Yes
Environmental and workplace safety policy is disclosed	Yes
Environmental performance is audited by an independent outside firm	No
Company publishes core vision and values statement	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 function	Yes
Training on ethical behavior is required for all employees	Yes

Corporate Social Responsibility

Grainger's commitment to service goes beyond helping businesses maintain their facilities and into the work that keeps communities viable. In 2010, Grainger contributed more than $14.5 million to not-for-profit organizations across the globe in cash, products and employee matching gifts. Internationally, team members helped their neighborhoods become more resilient by donating time and resources to meet local needs.

Emergency preparedness and technical education have long been the two main philanthropic focus areas for Grainger. Through two signature programs – the Grainger Tools for Tomorrow® scholarship program for individuals in a community college skilled trades curriculum and the American Red Cross' Ready When the Time Comes™ volunteer disaster preparedness program – Grainger makes a significant impact by using its resources and expertise to deepen and inspire relationships with communities, customers and public partners.

2010 CHARITABLE CONTRIBUTIONS



$14.5 million

69% Product
19% Matching Gifts
12% Cash Donations

Historical Financial Summary

		2010	2009	2008
Financial Summary ($000)	Net sales	$7,182,158	$6,221,991	$6,850,032
	Earnings before income taxes and cumulative effect of accounting change	853,778	707,337	773,218
	Income taxes	340,196	276,565	297,863
	Earnings before cumulative effect of accounting change	510,865	430,466	475,355
	Cumulative effect of accounting change	—	—	—
	Net earnings attributable to W.W. Grainger, Inc.	510,865	430,466	475,355
	Working capital	1,368,768	1,354,716	1,382,375
	Additions to property, buildings and equipment and capitalized software	131,540	139,951	196,148
	Depreciation and amortization	137,793	140,974	135,137
	Current assets	2,238,071	2,131,515	2,144,109
	Total assets	3,904,377	3,726,332	3,515,417
	Shareholders' equity	2,287,670	2,227,199	2,033,805
	Cash dividends paid	152,338	134,684	121,504
	Long-term debt (less current maturities)	420,446	437,500	488,228
Per Share ($)	Earnings – basic	7.05	5.70	6.07
	Earnings – diluted	6.93	5.62	5.97
	Cash dividends paid	2.08	1.78	1.55
	Book value	32.97	30.81	27.20
	Year-end stock price	138.11	96.83	78.84
Ratios	Percent of return on average shareholders' equity	22.6	20.2	23.0
	Percent of return on average total capitalization	18.7	16.4	20.3
	Earnings before income taxes and cumulative effect of accounting change as a percent of net sales	11.9	11.4	11.3
	Earnings before cumulative effect of accounting change as a percent of net sales	7.1	6.9	6.9
	Cash dividends paid as a percent of net earnings	29.8	31.3	25.6
	Total debt as a percent of total capitalization	17.8	19.1	20.7
	Current assets as a percent of total assets	57.3	57.2	61.0
	Current assets to current liabilities	2.6	2.7	2.8
	Average inventory turnover – FIFO	3.1	2.7	2.9
	Average inventory turnover – LIFO	4.4	3.8	4.1
Other Data	Average number of shares outstanding – basic	70,836,945	73,786,346	76,579,856
	Average number of shares outstanding – diluted	72,138,858	74,891,852	77,887,620
	Number of employees	18,596	18,006	18,334
	Number of outside sales representatives	3,079	2,845	2,433
	Number of branches	607	612	617
	Number of products in the Grainger® catalog	307,000	233,000	183,000

Notes: 2010 EPS included a $0.28 benefit from a change to a paid time-off policy and a $0.15 tax expense related to the healthcare legislation.

Full year 2009 EPS includes a $0.37 gain from acquiring majority ownership in MonotaRO Co., Ltd.

In the first quarter of 2009, Grainger adopted authoritative guidance on "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities," and as a result earnings per share was calculated under the new guidance for 2009 and restated using the new guidance for 2007 and 2008. Earnings per share for 2005 – 1999 was calculated using the treasury stock method and was not restated due to limited information.

2010 – 2006 number of outside sales representatives restated due to redefinition of certain positions.

2007	2006	2005	2004	2003	2002	2001	2000
$6,418,014	$5,883,654	$5,526,636	$5,049,785	$4,667,014	$4,643,898	$4,754,317	$4,977,044
681,861	603,023	532,674	445,139	381,090	397,837	297,280	331,595
261,741	219,624	186,350	158,216	154,119	162,349	122,750	138,692
420,120	383,399	346,324	286,923	226,971	235,488	174,530	192,903
—	—	—	—	—	(23,921)	—	—
420,120	383,399	346,324	286,923	226,971	211,567	174,530	192,903
974,414	1,155,763	1,290,188	1,108,384	926,773	898,681	838,800	735,678
196,325	138,737	157,247	160,758	80,486	144,052	107,168	94,913
127,882	114,884	105,671	96,305	88,629	92,811	97,220	98,147
1,800,817	1,862,086	1,985,539	1,744,416	1,633,413	1,484,947	1,392,611	1,483,002
3,094,028	3,046,088	3,107,921	2,809,573	2,624,678	2,437,448	2,331,246	2,459,601
2,098,108	2,177,615	2,288,976	2,067,970	1,845,135	1,667,698	1,603,189	1,537,386
113,093	97,896	82,663	71,243	67,281	66,467	65,445	62,863
4,895	4,895	4,895	—	4,895	119,693	118,219	125,258
5.01	4.36	3.87	3.18	2.50	2.30	1.87	2.07
4.91	4.24	3.78	3.13	2.46	2.24	1.84	2.05
1.34	1.11	0.92	0.79	0.74	0.72	0.70	0.67
26.40	25.90	25.51	22.83	20.27	18.21	17.17	16.37
87.52	69.94	71.10	66.62	47.39	51.55	48.00	36.50
19.7	17.2	15.9	14.7	12.9	12.9	11.1	12.8
19.2	17.2	15.9	14.2	12.3	13.6	10.2	11.2
10.6	10.2	9.6	8.8	8.2	8.6	6.3	6.7
6.6	6.5	6.3	5.7	4.9	5.1	3.7	3.9
26.9	25.5	23.9	24.8	29.6	31.4	37.5	32.6
5.0	0.4	0.4	0.5	7.5	7.2	7.8	17.3
58.2	61.1	63.9	62.1	62.2	60.9	59.7	60.3
2.2	2.6	2.9	2.7	2.3	2.5	2.5	2.0
3.1	3.1	3.2	3.3	2.9	3.2	3.3	3.2
4.3	4.4	4.5	4.6	4.4	4.5	4.7	4.6
82,403,958	87,838,723	89,568,746	90,206,773	90,731,013	91,982,430	93,189,132	93,003,813
84,173,381	90,523,774	91,588,295	91,673,375	92,394,085	94,303,497	94,727,868	94,223,815
18,036	17,074	16,732	15,523	14,701	15,236	15,385	16,192
2,386	1,805	2,507	2,154	1,741	1,650	1,641	1,708
610	593	589	582	575	576	579	572
139,000	115,000	82,400	82,300	88,400	98,700	99,900	85,200

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.

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

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
Former Chief Financial Officer, Gilt Groupe, New York City, N.Y.
(1, 2)

William K. Hall
Founding Partner, Procyon Advisors LLP, Downers Grove, Ill.
(1, 2)

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.
(1, 2)

James T. Ryan
Chairman, President and Chief Executive Officer, W.W. Grainger, Inc.

E. Scott Santi
Vice Chairman, 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 International

Timothy M. Ferrarell
Senior Vice President and Chief Information 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, Global Supply Chain

Lawrence J. Pilon
Senior Vice President, Human Resources

Michael A. Pulick
Senior Vice President; President, Grainger U.S.

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 2011 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 27, 2011.

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
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, 2010.

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. For more information, contact Investor Relations at 847.535.1000.

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

Media Relations Contacts
Janis K. Tratnik
Director, Corporate Communications
847.535.4339

Erin G. Ptacek
Director, Corporate Brand and Reputation
847.535.1543

Trademarks
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AIR HANDLER, DAYTON, DEM-KOTE, and SPEEDAIRE are the trademarks or service marks of Dayton Electric Manufacturing Co., a wholly owned subsidiary of W.W. Grainger, Inc., which may be registered in the United States and/or other countries.

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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 "approximately", "believe", "continue", "continued", "continues", "continuing", "expect", "focus on accelerating growth", "gain market share", "goals", "opportunities", "plan", "positioned for growth", "positioned to capitalize", "should", "strategic focus", "will" 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; 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 of the Form 10-K for the fiscal year ended December 31, 2010.

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.

DESIGN: Anonymous Design, Inc.

GRAINGER®

FOR THE ONES WHO GET IT DONE

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