

# Management



**Richard L. Keyser**

Chairman of the Board and Chief Executive Officer

**Richard L. Keyser** was elected Chief Executive Officer in September 1995 and Chairman of the Board in September 1997. He is responsible for the strategic direction and overall leadership of the company. Prior to this appointment, Mr. Keyser served as President and Chief Executive Officer and as President and Chief Operating Officer. Mr. Keyser currently serves on the board of directors for the Rohm and Haas Company and The Principal Financial Group and chairs the Evanston Northwestern Healthcare Research Institute. He is a trustee of the John G. Shedd Aquarium and The Field Museum of Natural History and a member of the Economic Club of Chicago, the Commercial Club of Chicago and the Business Roundtable.



**James T. Ryan**

President and Chief Operating Officer

**James T. Ryan** was elected President in April 2006, and was appointed Chief Operating Officer and to Grainger's Board of Directors in February 2007. He is responsible for all of Grainger's operations, domestic and international. Previously he had been Group President since April 2004. Mr. Ryan has served Grainger in increasingly responsible roles since 1980, including Executive Vice President, Marketing, Sales and Service, Vice President, Information Services, President, grainger.com, and President, Grainger Parts. Mr. Ryan is a Trustee of the Museum of Science and Industry and a member of the Economic Club of Chicago.



**Y.C. Chen**

President, U.S. Branch-based Business

**Y.C. Chen** was named President of the U.S. Branch-based Business in February 2007. He has full profit and loss responsibility for the company's largest business unit. Prior to this role, Mr. Chen was Group President for Canada, Mexico and Puerto Rico. Mr. Chen joined Grainger in July 1996, assuming a number of leadership roles in International and Supply Chain organizations. Prior to joining Grainger, Mr. Chen served as Regional head for several multinational companies based in Asia Pacific.



**Timothy M. Ferrarell**

Senior Vice President,  
Enterprise Processes and Systems

**Timothy M. Ferrarell** was named Senior Vice President, Enterprise Processes and Systems, in June 2001. He is responsible for enhancing customers' experiences through the company's process improvement and business system integration efforts. Prior to this role, Mr. Ferrarell served as Vice President, Marketing. Mr. Ferrarell serves on the board of directors for the Lincoln Foundation for Performance Excellence and is on the Board of Trustees for Lewis University.



**Nancy A. Hobor**

Senior Vice President,  
Communications and Investor Relations

**Nancy A. Hobor** was named Senior Vice President, Communications and Investor Relations, in March 2003. She has been responsible for Grainger's internal and external communications, community relations and investor relations since 1999. Ms. Hobor serves as Adjunct Professor of Investor Relations at Northwestern University. She is the treasurer of the Arthur W. Page Society. She is also a member of the Visiting Committee of the Division of the Social Sciences for the University of Chicago, and the advisory board of Midwest Young Artists.



**John L. Howard**

Senior Vice President and General Counsel

**John L. Howard** joined Grainger and was elected Senior Vice President and General Counsel in January 2000. His responsibilities include supporting all of the company's legal functions. He serves on the Wilson Council of the Woodrow Wilson Center for International Scholars and on the Council of Legal Advisors of the National Legal Center for the Public Interest, both in Washington, D.C. He also serves on the board of directors of the Chicago Botanic Garden.



**P. Ogden Loux**

Senior Vice President, Finance and Chief Financial Officer

**P. Ogden Loux** was elected Senior Vice President, Finance and Chief Financial Officer in December 1997. His responsibilities include financial planning and analysis, financial process planning and control, financial reporting, internal audit, treasury operations and administrative services. Since 1987, when he joined Grainger, Mr. Loux has served in increasingly responsible roles, including Vice President and Controller, Vice President, Business Support and Vice President, Finance.



**Lawrence J. Pilon**

Senior Vice President, Human Resources

**Lawrence J. Pilon** was named Senior Vice President of Human Resources in February 2005. He is responsible for providing strategic direction and leadership for the design, development and execution of Grainger's human resource initiatives. Prior to joining Grainger, Mr. Pilon served as Executive Vice President, Human Resources for the Kellogg Company, where he was responsible for the worldwide human resources function. Mr. Pilon serves on the board of the Make-A-Wish Foundation of Illinois.



**John A. Schweig**

Senior Vice President, Strategy and Development

**John A. Schweig** was elected Senior Vice President, Strategy and Development, in March 2003. Mr. Schweig is responsible for Grainger's global sourcing activities, and for identifying and capitalizing on other strategic opportunities for company growth. Mr. Schweig joined Grainger in 1990 as Vice President, Marketing. Mr. Schweig serves on the board of the Chicago Youth Centers. He is also an Advisory Board Member of the University of Wisconsin-Madison School of Business' Center for Brand and Product Management.



**William D. Chapman**

Director, Investor Relations

**William D. Chapman** was named Director, Investor Relations, in October 1999. In this role, he serves as the company's primary contact with the investment community. Mr. Chapman is President of the Chicago Chapter of the National Investor Relations Institute and is a member of the Manufacturers Alliance Investor Relations Council. He also serves as a Director, past President and Scholarship Chairman of the Wisconsin Alumni Association-Chicago Chapter and is a Director of the National Wisconsin Alumni Association.

**Management Incentive Program**

The company's compensation program for its management team builds upon a philosophy that is applied to all company employees – creating shareholder value by attracting the best people and encouraging them to excel. The company uses its compensation systems to attract, reward and retain its employees and to motivate them to grow the business profitably and to improve shareholder returns.

The management featured here and other key managers participate in the Management Incentive Program (MIP), which provides for annual cash incentives based on the achievement of specified annual company-wide financial performance measures and individual performance. The company structures the MIP to motivate performance that balances short-term and long-term results and aligns the interests of management with shareholders. For 2006, MIP was based on return on invested capital (ROIC), year-over-year sales growth and the individual executive's performance. Based on ROIC of 26.4 percent and year-over-year sales growth of 6.5 percent in 2006, incentive amounts ranged from 65 to 95 percent of target.