

GRAINGER[®]
FOR THE ONES WHO GET IT DONE



A Call for Catalysts of Change

Remarks by R.L. Keyser, Chairman and CEO, Grainger

American Red Cross of Greater Chicago's
Fourth Annual Heroes Breakfast
April 27, 2006

"Disasters affect all of us;
businesses aren't immune.
We must use our resources
to become active participants
in creating the solution."



Richard L. Keyser
 Chairman and Chief Executive Officer
 Grainger

A Call for Catalysts of Change

Excerpted from remarks made at the American Red Cross of Greater Chicago's Fourth Annual Heroes Breakfast on April 27, 2006:

Over the last decade, I've had the privilege of guiding Grainger's evolution into a company that supports and champions disaster preparedness and recovery efforts. Quite frankly, I can't think of a more important cause.

For almost 80 years, Grainger has provided businesses, the government, hospitals, and others with products they need to keep their facilities running – things like generators, tools, light bulbs and other essential items. Our customers turn to us because they know they can depend on us when they're in a bind. Our brand is built on the promise that we will be there, when and where our customers need us.

Through our philanthropy, we've taken that promise one step further. Over the years, Grainger consistently has given back to the communities in which we do business through our employee matching gift program and other means.

In recent years, we've stepped that effort up a notch, funneling more of our resources into disaster response. In large part that's because, given our product mix and distribution capabilities, we have the resources to be a valuable partner to the American Red Cross. But we also provide support because we feel a *responsibility* to do all we can to make the communities where we do business better places to live and work.

It's on this concept of responsibility that I'd like to focus.

John D. Rockefeller, Jr., spoke about responsibility by stating, "I believe that every right implies a responsibility; every opportunity, an obligation; every possession, a duty."

It's in this light that I feel the business community should view its responsibility to disaster relief. Collectively, companies like Grainger are blessed with many opportunities for growth. Are we, in turn, doing all we can to address the obligations that come with those opportunities? Disasters affect all of us; businesses aren't immune. We must use our resources to become active participants in creating the solution.

A Case for Creative Contributions

Some of you might be thinking: *my company already gives quite a bit. We don't have the financial resources to do more.* And that may be. But I'm suggesting that you be creative in your contributions. If properly delivered, products and supplies, logistical support, business advice and corporate volunteerism can be equally valuable, if not more so. More and more companies are beginning to think in terms of the range of resources they can provide.

For instance, in response to the Southeast Asian tsunami, Hewitt Associates, an international human resources outsourcing and consulting firm, recognized that while they didn't produce products needed for recovery, they could use their corporate facility, their technology and their people to help Chicago area media raise funds for international disaster relief. They hosted a tremendously successful telethon event. When Katrina hit, they did it again and helped the Red Cross provide vital services to the Gulf area. They took responsibility, created an opportunity, shared their resources and accomplished a great deal. Their employees made it happen.

Combined effort has a lot of power. When Grainger increased its three-to-one matching gift to a four-to-one match following the tsunami and Katrina, the response from employees was phenomenal. Employees and the company contributed nearly two million dollars to help the victims of these horrific natural disasters.

Benefits of Corporate Philanthropy

One benefit of corporate philanthropy is that employees, customers, suppliers and communities have an improved perception of your company. I'll give you an example of how employee volunteerism has improved perceptions.

The American Red Cross of Greater Chicago has a volunteer program called *Team Firestopper* which helps residents of neighborhoods with higher instances of home fires take proactive measures. In addition to providing free smoke and carbon monoxide detectors and fire extinguishers, volunteers also share prevention techniques and help residents develop emergency plans.

A Grainger employee who has participated in this program reported: "The homeowners commented on how much they appreciated the job we were doing. I wore my Grainger t-shirt and some people asked about it. I was able to tell them what a great company Grainger is to work for."

Employees feel good by being able to help, and communities benefit from their efforts. Our customers are quick to let us know how impressed they are by Grainger's ongoing commitment to such worthy causes.

Another benefit of corporate philanthropy is that it helps communities get back to normal more quickly after a disaster strikes. Employees are able to return to work faster and customers receive vital products and services they need to rebuild their homes and operate their businesses.

A Call for Support

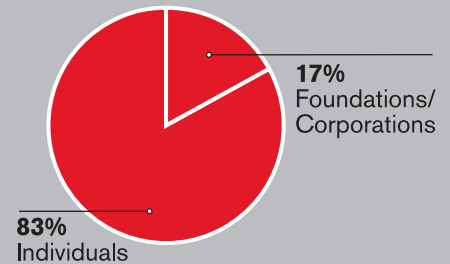
In our experience, the benefits of philanthropy definitely outweigh the costs. I'm proud to be part of a company so dedicated to being an active contributor to our community. I'm also proud of Grainger's affiliation with the American Red Cross and look forward to continuing our partnership in the years to come.

As the Red Cross continues to strengthen disaster preparedness and response in our communities, there will be more opportunities for partnerships. For those efforts to be successful, businesses need to accept the responsibility that comes with having significant resources at their disposal. The Red Cross needs creative ideas and dedicated support. They need businesses both large and small to play critical roles.

What part will you play?

Richard L. Keyser
Chairman and
Chief Executive Officer
Grainger

Foundation and Corporate Gulf Coast Hurricane Response Funding as a Share of Private Giving



All Private Hurricane Giving = \$2.96 billion

Source: *The Foundation Center, Snapshot of Philanthropy's Response to the Gulf Coast Hurricanes, February 2006. Foundation and corporate figures based on giving announced through November 18, 2005.*

Building a Case for Corporate Philanthropy: Key Stakeholders Speak Out

Customers

- 66% of consumers form opinions of a company based on its social behavior (*Envionics survey*).

Employees

- 76% of Americans would be likely to choose the company that supports a cause if they were offered two jobs similar in pay and responsibility (*Cone CC study*).

Local Communities

- 84% of adults feel commitment to social issues is important in deciding which companies they want doing business in their community (*Cone CC study*).

The Center for Corporate Citizenship at Boston College



Partnership by the numbers

1800+

Number of employees and retirees who participated in Grainger's four-to-one match of donations to the American Red Cross' International Response Fund and Disaster Relief Fund. Employee and company donations resulted in a combined contribution of nearly \$2 million.

200+

Number of Grainger volunteers trained to respond to emergencies through *Ready When the Time Comes*, the Chicago Red Cross' workplace disaster relief program that engages corporations in providing trained disaster-relief volunteers who are ready to respond quickly in the wake of a local or national disaster. Since 2000, Grainger volunteers in Chicago and Denver have manned shelters, fireproofed homes, staffed phone banks and participated in the Top-Off II national preparedness exercise. In 2006, Grainger will expand the program across the United States as the National Founding Sponsor.

450+

Number of hours Grainger volunteers spent taking calls from individuals seeking American Red Cross aid in response to the 2005 hurricanes.

300+

Number of volunteer resource managers who attended the 2005 American Red Cross Volunteer Administration Institute sponsored by Grainger.



Beyond financial contributions, Grainger employees volunteer time to their communities. Grainger encourages this by working hand-in-hand with select organizations and donating time off to allow employees to participate.



Grainger has a strong tradition of giving that dates back to the company's inception. In addition to providing businesses throughout North America with the products they need to maintain, repair and operate their facilities, the company is committed to being a good corporate citizen in our communities.

For more information about Grainger's corporate philanthropy, please contact: Susie Kessler, Director, Public Affairs, 847-535-1543, susie.kessler@grainger.com