

CRITERIA FOR MEMBERSHIP ON THE BOARD OF DIRECTORS
W.W. Grainger, Inc.

The Board will have a majority of Directors who meet the criteria for independence required by the New York Stock Exchange. In assessing a candidate's qualifications, the following criteria should be considered in the context of the needs of the Board.

A. Personal characteristics to be sought in candidates for the Board:

1. Well regarded in the community, with a long-term, good reputation for highest ethical standards.
2. Good common sense and judgment.
3. An inquiring mind.
4. An independent, objective, candid, yet constructive approach.
5. Considerate of diverse opinion and does not dominate to the exclusion of others.
6. A strategic perspective, an awareness of the dynamics of change and the need to anticipate and capitalize on opportunities.
7. A positive record of accomplishment in present and prior positions.
8. Any other relevant experience, qualifications, attributes, skills and backgrounds.
9. If on another board or boards, has an excellent record for preparation, attendance, participation, interest, and initiative.
10. Business and/or professional knowledge and experience applicable to Company goals and other management issues.
11. The time, energy, interest, and willingness to become involved in the Company and its future.

B. Added specific considerations for candidates:

1. Consideration shall be given to candidates without regard to race, color, religion, gender, or national origin. The Board will seek qualified candidates for board membership from a variety of backgrounds.

2. Not recommended for board membership is an employee or partner of:
 - a. a commercial bank.
 - b. an investment banking firm.
 - c. a law firm.
 - d. public accounting firm.
3. A candidate's occupation, business and/or relationships shall not impair independence and:
 - a. Shall not compete with the Company.
 - b. Shall not conflict with Company current operations and future goals.
 - c. Shall not be competitive with that of an incumbent Director.
 - d. Shall have no significant existing or potential supplier or customer relationship with the Company or with the employer of an incumbent Director.
 - e. Shall not be linked to practices, or offer products or services, inappropriate for association with the Company.
4. If a candidate is a director of another company, the following questions are germane, and should be resolved by Company legal counsel before the candidate is appointed or elected to the Board:
 - a. Complies with the interlocking directorate provisions of the Clayton Act, and other applicable antitrust laws?
 - b. Competes with the Company?
 - c. Conflicts with Company current operations and future goals?
 - d. Has a significant supplier or customer relationship with the Company?
 - e. Linked to practices, or offers products or services, inappropriate for association with the Company?

C. Added considerations for Directors in general:

1. A Director shall represent the shareholders, not a specific constituency.
2. Proposed reciprocal board memberships are subject to review by the Board Affairs and Nominating Committee (the "BANC").
3. A Director may not serve on more than one other board with an incumbent Director. This does not apply to philanthropic, charitable or non-profit boards.
4. The number of other public company boards and other boards (or comparable governing bodies) on which a prospective nominee is a member. A prospective nominee may serve on a maximum of four (4) public company boards, inclusive of the Company.
5. Persons who are former employees of the Company generally shall not be nominated. This may be waived by a vote of the Board for one year in the case of an officer who retires from active employment.

6. An outside Director who will be age 72 as of the next annual meeting of shareholders of the Company generally will not be nominated.
7. Each incumbent Director is expected to tender a resignation from the Board at the time of a substantive change in career or vocation. The BANC within 30 days will submit to the full Board a recommended response to the resignation.
8. Should a Director standing for re-election not receive the affirmative vote of a majority of shares represented at the meeting and entitled to vote, the Director is expected to tender a resignation from the Board. The BANC will consider the resignation and recommend to the Board the action to be taken. The BANC and the Board may consider any factors they deem relevant in deciding whether to accept a Director's resignation. Any Director whose resignation is under consideration will be recused from participating in the decision. The Board will publicly disclose its decision regarding the resignation within ninety (90) days after the results of the election are certified.
9. Each incumbent Director is expected to give to the BANC notice in advance of becoming a Director of another public company.
10. It is recognized that in the case of an acquisition, representation on the Board may be negotiated. Such a directorship is not automatically to be passed down to a successor representative of that entity.

D. Shareholder Recommendations:

1. Consideration shall be given to recommendations of shareholders as to candidates for Board membership in appropriate cases.
2. Any shareholder who desires would like the BANC to propose consider a candidate for Board membership should send to the attention of the Secretary of the Company a letter of recommendation containing the name and address of the proposing shareholder and of the proposed candidate, and setting forth the complete business, professional and educational background of the proposed candidate, as well as a description of any agreement or relationship between the proposing shareholder and proposed candidate. A written consent of the proposed candidate to be identified as a nominee and to serve as a Director if elected should must also be provided. The communication should be sent by mail or other delivery service to the attention of the Corporate Secretary at the Company's headquarters.

If, after a thorough review of the candidate's qualifications, the BANC and Board conclude that the candidate would be a worthy addition to the Board, the candidate may be identified in the Company's proxy as a Company nominee. As with the other Company nominees, the candidate's election may be endorsed by

the Board and, unless proxies are marked otherwise, the nominee may receive votes cast by the Company's proxy committee.

One who is not a Company nominee, however, is not foreclosed from standing for election. Any shareholder can also nominate a person for election as a Director in accordance with the Company's by-laws, which impose stringent notice and other requirements which must be fulfilled for the nomination to be in order.
