

**Statement of
Peter Perez
Senior Vice President, Human Resources
W.W. Grainger, Inc.**

Before the

**Subcommittee on Benefits
Committee on Veterans' Affairs
House of Representatives
July 24, 2003**

Concerning

Department of Labor Administration of the Uniformed Services Employment and Reemployment Rights Act (USERRA) under chapter 43 of title 38, United States Code

Chairman Brown, Ranking Member Michaud, and other distinguished members of the Subcommittee, I am pleased to appear before you on behalf of my employer, Grainger, to provide testimony on the Uniformed Services Employment and Reemployment Rights Act.

I represent 15,000 employees throughout North America. Some of them are currently on active duty for the Iraqi Freedom mission. We are proud of their service to our country and we support their commitment to a safer, more peaceful future.

Grainger is the largest supplier of facilities maintenance products in North America. Now the products we supply aren't glamorous, but they are very essential. They're the hammers, the cleaning supplies, the safety gear, the equipment that's crucial to keeping facilities up and running. We're headquartered in Lake Forest, Ill., and have nearly 400 branches across the United States. In fact, Grainger has at least one branch in every State in the Union.

Supporting our Reservist personnel during not only this critical time, but at all times is important to Grainger. Our commitment to them goes beyond what we consider our duty. Grainger is committed to helping them and their families because we have deep respect and admiration for their selfless service to our country.

Since September 11, 2001, nearly 40 Grainger employee-Reservists have been called to duty. In total, there are about 130 Reservists in our company. And we are proud of every one of them. The Uniformed Services Employment and Reemployment Rights Act is an important measure to guarantee Reservist confidence. Grainger's policy fully agrees with the spirit of this Act because it is designed to ensure the financial security and well being of employee-Reservists and their families. We have extended benefits to Reservists beyond what is required by the law. Our practice is to provide full benefits for up to one year. We provide full pay to Reservists called to active duty in addition to their military pay for up to one year. Grainger also continues to provide Group Term Life Insurance and to make contributions to the Reservists' retirement fund, Grainger's Profit Sharing Trust, while they are on active duty for up to one year. And upon their return from active duty, employee-Reservists can expect the same or an equivalent job.

But as we all know, while Reservist members are often deployed to locales very far from home, their hearts remain with their families. Of all the Reservists stationed abroad, on average 60 percent are married and 30 percent have children. Spouses, children, parents, and those they hold dear are never far from their thoughts. To ease the financial hardships

on our employee-Reservists' families, Grainger believes it is important to provide primary health and dental coverage for eligible dependents of Reservists for up to one year. In addition, as time goes on and the emotional strain can take its toll, we offer family members access to Grainger's Employee Assistance Program, which offers a variety of services such as counseling.

Over the last year we've come to understand just how unique our program is. A survey conducted by the Reserve Officers Association of the United States cites Grainger among the top three companies for providing the most generous support to employees involuntarily called into military duty. And *Forbes* recently recognized us as among the top three employers for Reservists. In fact, Illinois Congressman Mark Kirk wrote to us to recognize our policy, stating that it will "do so much to boost troop morale and focus."

We know that it's Grainger that benefits most from these policies, as we are able to attract and retain exceptional employees. Take for example Orlando McGee. Orlando is a safety analyst at our distribution center in Niles, Ill. He's also a dedicated Reservist. In fact, he was called to action during the Gulf War. Unfortunately at the time he worked for a company that did not offer comparable benefits. One of the reasons Orlando came to Grainger was because of the benefits we offer to Reservists. Our policy attracts quality employees, like Orlando, whose military experience only enhances their value to our company. You see, the military has extensive logistics experience and our business is all about logistics, where each hour we supply more than 8,000 shipments of essential maintenance facilities products destined to locations around the world. We find that

when we hire men and women who have served in the military, we are ahead. That's why we've begun to actively search and recruit former soldiers and sailors.

Fellow Grainger employees appreciate and respect military experience. When employee-Reservists are called to into service, Grainger employees band together in support. This may include sharing duties and cross training to cover the responsibilities until our Reservist returns. Our pride extends to these Grainger employees, many of who have been working hard over the last year to provide essential items for our troops in the Middle East. One of our San Diego account managers, Paul Bill, is currently stationed in Kuwait. Paul recently wrote to us to thank Grainger for its benefits and the terrific support Grainger employees were showing by making certain the troops have what they need. Paul writes, "There is not a person in my unit of 125 that doesn't know I work for Grainger. We get our Gatorade, generators, boots, safety stuff all from Grainger."

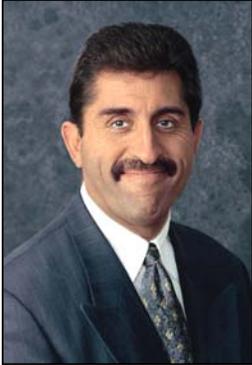
We will continue to support Paul and the other activated Grainger Reservists. We remain committed to examining our current Reservist benefit program to determine whether or not we need to refine, revise or extend our benefits to provide additional support to our employees.

Grainger is committed to sending a clear message to our employees in the armed forces that while they're serving their country, they do not have to worry about the financial support of their families or whether there will be a job for them when they return. We

wish them well and pray for their continued health and safe return to their families and to us.

Mr. Chairman, this concludes my statement. I thank you for your time and consideration, and I would be pleased to answer any questions that you or other members of the Subcommittee may have.

GRAINGER



BIOGRAPHY

PETER M. PEREZ

SENIOR VICE PRESIDENT, HUMAN RESOURCES

Peter M. Perez joined Grainger as Senior Vice President, Human Resources, in February 2002. He is responsible for ensuring that all of Grainger's human resource programs and functions are aligned with and support the overall business goals and objectives of the company.

Before joining Grainger, Mr. Perez served as Chief Human Resource Officer for Alliant Exchange, Inc., an affiliate of Clayton, Dublier & Rice, Inc., where he was hired to create a strategic human resource function and assist the organization in building performance toward a public stock offering. He also has served as Senior Vice President, Human Resources, for Whitman Corporation, an affiliate of PepsiCo, Inc., and has held increasingly responsible human resource positions at Kraft General Foods and Emerson Electric Company.

Mr. Perez graduated from Eastern Illinois University with a bachelor of science degree in business, production and personnel management. He holds a certificate in organization development from George Williams College. He also earned a master's degree in business administration with concentrations in human resource management and organization behavior from Northwestern University's Kellogg School of Management.

W.W. Grainger, Inc. (NYSE: GWW), is the leading broad line supplier of facilities maintenance products in North America. Grainger serves customers through a network of nearly 600 branches, 16 distribution centers, and four Web sites. Sales for 2002 were \$4.6 billion. For more information, visit Grainger online at www.grainger.com.

Rule XI 2(g)(4) Disclosure

W.W. Grainger, Inc., of Lake Forest, Illinois sells the products every business and institution needs to keep its facilities and equipment running. It provides products to thousands of large and small businesses as well as federal, state and local government agencies. With nearly 600 locations throughout North America, 1,900 customer service associates and a robust online presence, Grainger is the leading industrial distributor of products to keep facilities and equipment running. It has relationships with virtually all federal agencies through supply schedule contracts as well as open market purchases.