

Grainger plc (“Grainger” or the “Company”)

RESULT OF OFFER TO CONVERTIBLE BOND HOLDERS

Further to its announcement on 5 November 2008, Grainger announces that conversion notices in respect of a further £6m nominal (or 5.4%) of its £112m 3.625% convertible bonds due 2014 were received before the extended deadline mentioned in that announcement.

We set out below the combined effect of these conversions and the associated cash payments with those previously announced on 5 November.

1. In total conversion notices in respect of £87.1m nominal (77.8%) have now been received.
2. 10,081,013 ordinary shares have been or will be issued by 14 November 2008 to the former holders of those bonds, representing an effective issue price of 562p each (see note (a) below), approximately 4.5 times the closing share price the day before the offer announcement.
3. £56.6m nominal of debt has been eliminated (see note (b) below).
4. Net assets will be increased by approximately £42m; Loan to Value (“LTV”) as calculated for covenant purposes on our core banking facility, will be reduced by approximately 2 percentage points and net asset value per share will decrease by approximately 2% (all as calculated pro forma on management expectations for the balance sheet as at 30 September 2008). As an early conversion we understand that the increase in net assets arising from that conversion will not be subject to tax.
5. There will be a one-off charge to the income account for the year ended 30 September 2009 of £30.5m, representing the cash amount to be paid.
6. Future interest costs charged to the income account will be reduced by circa £3.6m per annum, because of the overall reduction in reported debt.
7. There will be theoretical pre-tax cash savings of circa £0.6m per annum.
8. There will be an immediate cash saving of approximately £1.6m in interest costs as interest accrued on the bond and due for payment on 14 November 2008 will not be paid to those bondholders who have converted.

Notes:

- (a) calculated pre tax as £100,000, less £35,000 cash payment pursuant to the announcement referred to above, divided by 11,574 shares issued per £100,000 nominal bond converted.
- (b) calculated as £100,000 less £35,000 times 87,100/100. Because of the bifurcated accounting treatment of the convertible, debt in accounting terms will reduce by £40.4m.

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