



Grainger's Global Sourcing Opportunities

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September 13, 2006

Global Sourcing Overview

Background

- Established in October 1997
- Business Climate
 - Manufacturing moving off-shore
 - Benefits going to suppliers and agents
- Set up as a supplier to Grainger

Responsibilities

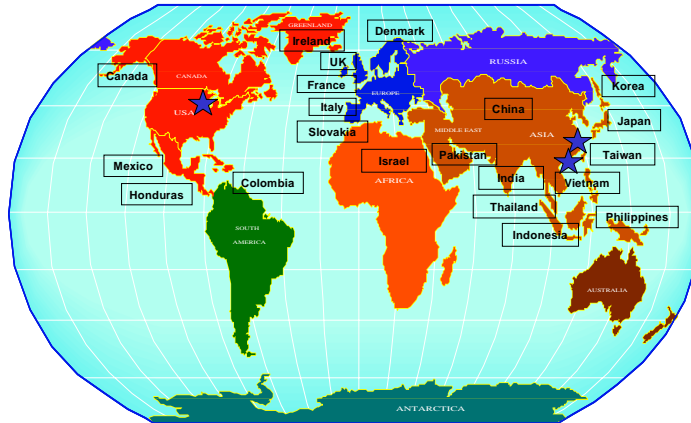
- Demand generation
- Sourcing
- Contract manufacturing
- Engineering
- Product quality assurance
- Global supply chain network
- Cost management
- Supplier performance management



Global Coverage

Sourcing from 21 Countries

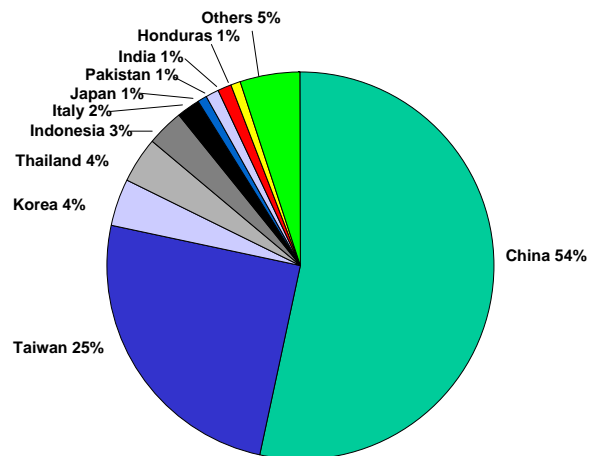
★ Procurement offices



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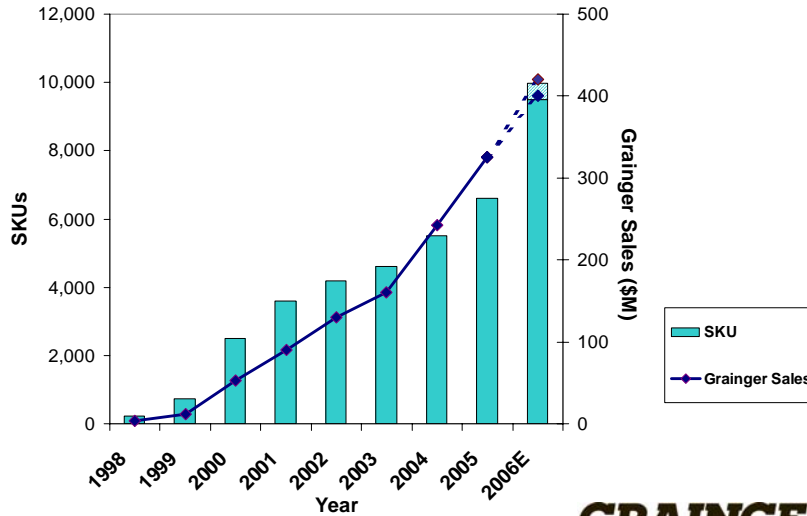
Sourcing Countries

% of Total Sales



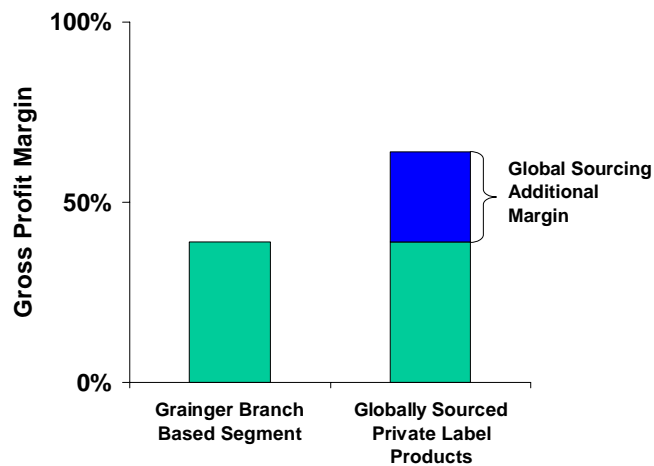
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Global Sourcing Growth Highlights



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Gross Profit Margin



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Game Plan for Growth

Priorities

Product Expansion



- Accelerated expansion
- Inter-company growth (Canada / Mexico)

Geographic Expansion

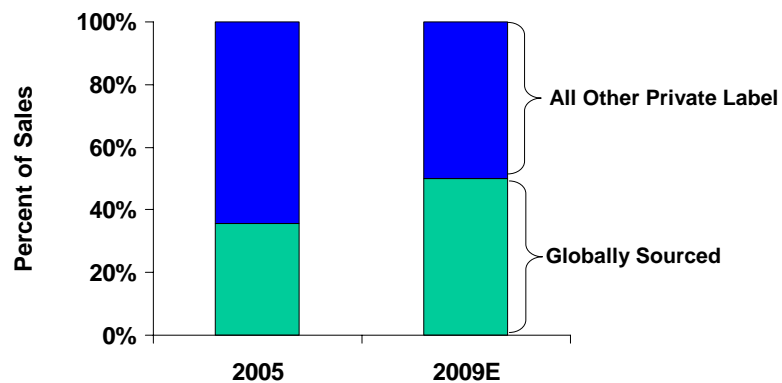


- India
- South East Asia/Vietnam
- Eastern Europe

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Near-Term Potential of Private Label

Grainger Branch Based Segment



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Forward looking statements

This presentation contains statements that are forward-looking; i.e., not historical facts. The forward-looking statements are based on the company's current expectations, and some of them are subject to risks and uncertainties the outcome of which could result in actual future performance being materially different from the performance indicated. They should be considered in conjunction with the company's most recent annual report, as well as the company's Form 10-K and other reports filed with the Securities and Exchange Commission containing a discussion of the company's business and of various factors that may affect it.

