

## A Monthly Sales and Information Bulletin

### Recent Information

The July 14, 2005 issue of *Purchasing* magazine highlighted Grainger's market expansion program, discussing how the company is examining the size and location of branches, the deployment of inventory, merchandising and sales coverage in markets across the country. The author commented that the branches now have a retail look and feel as Grainger incorporates certain retail elements into its business-to-business environment. Laura Brown, Vice President of Marketing is quoted: "While Grainger has the capability to meet the needs of national and large customers, we're very much a local business. We have to think and act locally as well as nationally."



The July 25, 2005 edition of the *Kansas City Business Journal* featured an article on the recently expanded branch in Lenexa, Kansas. The new showroom is one of many enhancements Grainger is making to its branch network as part of the market expansion program.

### Upcoming Events

Market Expansion Update  
September 12, 2005  
Los Angeles, Calif.  
Speakers: James T. Ryan,  
Group President and  
Laura D. Brown,  
Vice President, Marketing

Third Quarter  
Earnings Release  
October 17, 2005

### July 2005 Sales

Grainger's daily sales for the month of July grew 11 percent versus July 2004. The solid economy coupled with stronger sales of seasonal products contributed to the growth.

Daily sales at Grainger's Branch-based Businesses were up 11 percent versus July 2004. At Lab Safety Supply (LSS), daily sales were up 10 percent, including AW Direct, a recent acquisition.

	Selling Days	
	2005	2004
Mo.	20	21
Qtr.	64	64
Yr.	255	255

### Company News

#### Market expansion program update

On August 1, 2005, Grainger opened a new branch in the Los Angeles area to serve customers in the Culver City, Marina Del Rey, Playa Del Rey and Westchester business communities. The new branch offers customers a broad array of critical products tailored for the local market. The branch launch is part of Phase 2, which covers four markets in Southern California and is 80 percent complete.

In other market expansion news, last week Grainger hosted more than 300 customers at special sales events at branches in Baltimore and Miami. The events showcased Grainger's broad offering and included product demonstrations from several suppliers.

The table at right details program-to-date activity in market expansion as of June 30, 2005. Grainger has increased total branch square footage in program markets by more than 25 percent in order to offer customers more product options for purchase.

#### Branches

Opened*	25
Closed	4
Relocated	15
Expanded	22
Retrofitted	15
*Includes 13 Grainger Express® locations	

#### Grainger's Web site celebrates 10<sup>th</sup> anniversary

Last month Grainger recognized the 10-year anniversary of its industry-leading Internet channel. When originally launched, the site served as an information repository but quickly grew into an integral part of Grainger's multi-channel business model. Since its inception in 1995, Grainger's Web site has had more than 200 million individual visits resulting in 10 million transactions generating revenue of more than \$2 billion.

#### Grainger declares quarterly dividend

On July 27, 2005, Grainger's board of directors declared a quarterly dividend of 24 cents per share payable September 1, 2005, to shareholders of record August 8, 2005.

This document contains forward-looking statements under the federal securities laws. The forward-looking statements relate to the company's expected future financial results and business plans, strategies, and objectives and are not historical facts. They are generally identified by qualifiers such as "plans," "will," "planned," "projected" or similar expressions. There are risks and uncertainties the outcome of which could cause the company's results to differ materially from what is projected. The forward-looking statements should be read 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 Exchange Commission, containing a discussion of the company's business and of various factors that may affect it.

The electronic version of this document also contains links to various articles, often hosted on third party websites, about Grainger and the MRO industry. These links display the articles as they originally appeared and may contain errors or become outdated. The inclusion of any such link in this document does not imply Grainger's endorsement of the site, the accuracy or completeness of the information presented, the organization operating such site or the author(s) of the article, or any products or services of that organization.