

A Monthly Sales and Information Bulletin

Recent Information

Electrical Wholesaling magazine highlighted Grainger's cutting-edge technology in its July issue. The article discussed the largest electrical distributors, of which Grainger is considered a hybrid (a supplier whose electrical products are part of a much broader portfolio).



An article in the July 16 edition of the *St. Louis Business Journal* discussed Grainger's plans to add two new branches in the St. Louis area and expand its existing three branches as part of its market expansion program. Brian Bannon, Regional Vice President, detailed the program. The company plans to add \$10 million in inventory and nearly 200,000 square feet of space in the St. Louis, Houston and Tampa markets combined.



Upcoming Events

September 8, 2004

Market Field Trip
Seattle, Wash.
Speaker: Laura Brown,
Vice President, Market Planning

September 28, 2004

New Jersey Distribution Center
Robbinsville, N.J.
Speakers: Dick Keyser, Chairman
and Chief Executive Officer
Y.C. Chen, Sr. Vice President,
Supply Chain

July Sales

Grainger's daily sales rate for the month of July was up 7 percent versus July 2003.

Daily sales at Grainger's Branch-based Businesses were up 7 percent versus July 2003. At Lab Safety, daily sales were up 14 percent. Daily sales for Integrated Supply were up 1 percent.

Daily sales processed through grainger.com were 28 percent above July 2003. The company is currently projecting total 2004 sales for grainger.com of \$575 to \$625 million.

	Selling Days	
	2004	2003
Mo.	21	22
Qtr.	64	64
Yr.	255	255

Company News

Market expansion program update

Grainger's leadership team in Denver welcomed members of the financial community to the new branch in Centennial, Colo., on August 5. Doe Kittay, District Branch Services Manager, provided an update on the progress of the market expansion program in the Denver area, including an overview of the sales and marketing efforts. Grainger has increased inventory by almost 25 percent in the market, and monthly sales growth has been around double the overall U.S. branch sales results.

In secondary market news, in July Grainger relocated its Rochester, Minn., branch to a larger facility that offers 24,000 locally tailored products in stock and available the same day.

Distribution center tour showcases logistics network project

On August 2, members of the financial community were provided with an overview of Grainger's recently completed logistics network project at the newly constructed distribution center in Robbinsville, N.J. In addition to a comprehensive tour of the new facility, attendees discussed the project's benefits with Kevin Peters, Vice President, Supply Chain Operations.

Completed in March 2004, the project established a network that can replenish branches and ship customer orders same day. With continuing productivity improvements, the redesigned logistics network is projected to contribute \$10 million to operating earnings in 2004 and \$20 million in 2005. Peters described the supply chain model as dynamic and said the company plans to continue process improvements that should enhance service to customers.

Note: Presentations from both events are available at the Investor Relations section of Grainger's Web site at www.grainger.com/investor.

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 to add", "projecting", "projected" and "plans to continue" 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.