

## A Monthly Sales and Information Bulletin

### Featured in the News

"What goes into making a warehouse successful?" That's the question *Industrial Distribution* magazine asked in its February issue and came to Grainger and other suppliers for the answer. Y.C. Chen, Sr. V.P. Supply Chain Management, detailed Grainger's practices, including Grainger's product display strategy and inventory availability project. According to Chen, Grainger should have no problem growing "if we provide excellent service and high product availability."



*Supply Chain Management Review* recently recognized Grainger as a "Supply Chain leader." Grainger was named along with Microsoft and DuPont as a company that is adept at introducing new initiatives without compromising day-to-day operations. Highlighted in the article was Grainger's practice of holding suppliers accountable for product quality through a four-step approach to supplier quality management.



### Upcoming Events

February 23, 2004  
National Manufacturing Week  
Chicago, IL  
Speaker: Kathy Hebb,  
V.P. Merchandising  
Topic: "Managing Suppliers for  
Optimal Performance."

### January Sales

Grainger's daily sales rate for the month of January was up 5 percent versus January 2003. Sales performance was helped by strong sales of seasonal products, favorable foreign currency and incremental sales from Gempler's.

Daily sales at Grainger's Branch-based Businesses were up 4 percent versus January 2003. Daily sales at Lab Safety were up 20 percent, including the Gempler's acquisition completed in April 2003. Daily sales for Integrated Supply were up 2 percent.

Daily sales processed through grainger.com were 18 percent above January 2003.

	Selling Days	
	2004	2003
Mo.	21	22
Qtr.	64	63
Yr.	255	255

### Company News

#### Market Expansion Program update

Customers in Atlanta, Denver and Seattle will soon have several new options to get the products they need to keep their facilities running. In March, Grainger expects to open two new full service branches in Atlanta and Seattle. In addition, Grainger will open six new Grainger Express facilities that serve as distribution points for area branches. Situated in key locations, these new facilities will enable customers to reduce travel time when picking up their orders – saving them time and money.

In other market expansion program news, several branches in the Atlanta, Denver and Seattle markets have aligned their inventory to better meet the needs of their local customers. This includes adding new products to some branches and moving other products back to the distribution centers. This process will be conducted regularly to reflect the changing needs of the local marketplace.

#### Grainger develops Integrated Services organization

Customers have told Grainger they want less complexity when dealing with suppliers. They want help by placing one call, developing a relationship with one sales representative and receiving one invoice with all the information they need about their order. This, along with delivering new services to help Grainger customers save time and money, is the mission of the new Integrated Services organization created this month. Integrated Services will strengthen Grainger's ability to provide the most effective solutions to help customers maintain and operate their facilities.

#### Product comparison feature debuts on grainger.com

A new product comparison tool now on grainger.com makes it even easier for customers to find the right product. The new feature enables buyers to quickly and easily view multiple products and their attributes side by side.

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 "should," "expects to," "expected," "guidance," "forecasts," 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.