

A Monthly Sales and Information Bulletin

Featured in the News

"The Web is a natural for us," says James T. Ryan, president of Grainger.com, in the January 2001 CFO magazine article, "Looking for Raw Deals." The article explains that "large suppliers of indirect materials [such as Grainger] have been quick to help companies gain control of their spending through online catalogs and preferred-supplier agreements."

The Patricia Seybold Group released in December 2000 the case study "Lessons from FindMRO.com, the MRO Sleuth," which documents best practices in online content and search. According to the study, FindMRO.com [now part of Material Logic], "has established a reputation as the Sherlock Holmes of indirect materials" by efficiently sourcing millions of infrequently ordered products while reducing customers' procurement costs.

Upcoming Events

Grainger and/or Material Logic will be participating in the following conferences:

February 12 - 17, 2001

Oracle Appsworld 2001
New Orleans, Louisiana
www.oracle.com/appsworld/

March 5 - 8, 2001

National Plant Engineering
MRO and Maintenance Show
Chicago, Illinois
www.manufacturingweek.com/plant/mainmenu.asp

January Sales

The W.W. Grainger, Inc. daily sales rate for the month of January was 4% above January 2000. The principal cause of the low growth rate was the weakening of the economy in North America.

The branch-based distribution businesses experienced mid single-digit daily sales growth. Growth for this segment was led by Grainger Industrial Supply.

For the month of January, the Company processed sales through all of its e-businesses at an average annualized run rate of \$395 million.

	Selling Days	
	2001	2000
Mo.	22	21
Qtr.	64	65
Yr.	255	255

Company News

On January 26 Grainger announced that it has consolidated three of its digital businesses into a separate organization, Material Logic. The new unit is seeking participation from MRO distributors to create an industry-backed, industry-funded, independent entity that will own and operate those businesses. Grainger.com, a direct channel into Grainger Industrial Supply, is not included in the new organization. The news release announcing Material Logic is available on the Investor Relations section of Grainger's Web site, www.grainger.com.

Chairman and Chief Executive Officer Richard L. Keyser and Chief Financial Officer P. Ogden Loux met with the financial community in New York City on January 31 to provide an outlook for 2001, including a forecast of sales and earnings.

2001 Sales Growth and EPS Forecasts

	Sales Growth	EPS*
Weak GDP Growth Rate (1 - 2%)	3 - 5%	\$1.80 - \$1.95
Moderate GDP Growth Rate (2 - 3%)	5 - 7%	\$1.95 - \$2.10

* Includes full year of Material Logic

Mr. Keyser's PowerPoint presentation is available on the Investor Relations section of Grainger's Web site, www.grainger.com.

Grainger is increasing its market share and accelerating sales to large accounts by offering these customers access to Grainger.com through a variety of electronic procurement platforms.

Large Customers Purchasing through Grainger.com	Jan 2001
Number of ESVs/Marketplaces	14
Number of Customers	62
Number of Locations	640

This document contains statements that are forward-looking, i.e. not historical facts. The forward-looking statements (generally identified by words or phrases indicating a projection or future expectation such as "will," "is seeking...to create," "outlook," or "forecasts") 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 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 and Exchange Commission, containing a discussion of the Company's business and of various factors that may affect it.