

Recent Information

Grainger's Chairman and Chief Executive Officer Dick Keyser is quoted in an article in the latest issue of *Industrial Distribution* magazine that discusses earnings improvement in the Industrial Distribution industry. Keyser credited the company's accelerating growth to the entire Grainger organization. "The team has done a remarkable job of improving the efficiency and effectiveness of our operations. The top and bottom line grew [in 2004] because we served customers reliably and consistently every day."



The December 20, 2004 edition of PBS' *Nightly Business Report* aired a segment on corporate giving which featured Chairman and Chief Executive Officer Dick Keyser. Speaking of Grainger's disaster relief program, Keyser said, "What we try to do is donate enough of the product so that we are not profiting from the emergency. In that process, we build strong relationships with people that go on for life."



Grainger's board of directors declared a dividend of 20 cents per share, payable March 1, 2005, to shareholders of record February 7, 2005.

Upcoming Events

- First Quarter Earnings
April 14, 2005
- Annual Shareholders Meeting
April 27, 2005
Lake Forest, IL

A Monthly Sales and Information Bulletin

January Sales

Grainger's daily sales rate for the month of January was up 10 percent versus January 2004.

Daily sales at Grainger's Branch-based Businesses were up 11 percent versus January 2004. At Lab Safety Supply (LSS), daily sales were up 3 percent. Sales growth was affected by LSS's first quarter 2004 participation in a customer loyalty program, Harvest Partners, which concluded in March 2004.

Note: Effective January 1, 2005, Integrated Supply will no longer be reported as a separate segment. Integrated Supply is being merged into Grainger's Industrial Supply division within the Branch-based segment.

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

Company News

Market Expansion Update

On February 7, 2005, Grainger opened a new full-service branch in Sorrento, Calif. The 20,277 square foot facility is among several enhancements Grainger is making to its branch network in Southern California as part of the company's nationwide market expansion initiative.

Elsewhere in Southern California, customers are already benefiting from new Grainger Express® locations in Pasadena, San Diego, Santa Barbara and Santa Clarita. In addition, an expanded sales force is helping customers find solutions for their facilities maintenance needs. Additional inventory at many of the company's Southern California locations, including the most recent branch relocation in Rancho Cucamonga, is bolstering customer service in this important market.

Market expansion continues in Houston, St. Louis and Tampa and openings are set to begin soon in Cincinnati. Market expansion in Atlanta and Denver is complete. The remaining Seattle branch is scheduled to open February 14, 2005.

Grainger's Lab Safety Supply (LSS) Purchases AW Direct, Inc.

On January 14, 2005, Grainger's LSS subsidiary completed its purchase of AW Direct, Inc. AW Direct is a leading marketer of products to the \$3 billion service vehicle accessories market with 2004 sales of \$28 million.

"AW Direct offers access to new markets that we can serve with many of Lab Safety's existing products," said Grainger Chairman and Chief Executive Officer Richard L. Keyser. "Lab Safety's successful acquisitions, Ben Meadows and Gempler's, have provided new growth and diversification to Lab Safety's customer base."

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 "due for completion," "expects," "outlook," 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.