

A Monthly Sales and Information Bulletin

Recent Information

Grainger is once again ranked #1 on *Industrial Distribution's* annual listing of the top 50 industrial distributors. In addition, Grainger's Web site was recently featured in the May issue as an example of a Web site that makes the ordering process easier for customers. "Our Web site has helped customers reduce their acquisition costs by consolidating the number of suppliers they work with and the number of products that they have to source," said Pat Davidson, Vice President, Branch Services.



In its May 24 edition, *Crain's Chicago Business* discussed Grainger's growth initiatives, including its market expansion program. "We're targeting a comprehensive package of better sales coverage, local marketing, more inventory and improved service in a market-by-market march across the country," said Chairman and CEO Dick Keyser.



Upcoming Events

June 24, 2004
William Blair & Company
24th Annual Growth Stock
Conference, Chicago, Ill.
Speaker: Jim Ryan,
Group President

This presentation will be webcast.
Information on accessing the
presentation will be posted on
Grainger's Web site.

May Sales

Grainger's daily sales rate for the month of May was up 9 percent versus May 2003. The strengthening U.S. economy together with enhanced customer service contributed to sales performance.

Daily sales at Grainger's Branch-based Businesses were up 9 percent versus May 2003. At Lab Safety, daily sales were up 6 percent. Daily sales for Integrated Supply were up 1 percent.

Daily sales processed through grainger.com were 33 percent above May 2003.

	Selling Days	
	2004	2003
Mo.	20	21
Qtr.	64	64
Yr.	255	255

Company News

Market expansion program update

Customers in key markets across the country now have several new options to get the products they need to keep their facilities running, thanks to Grainger's market expansion program. Over the next three years, Grainger is targeting select metropolitan markets to improve branch presence, local product availability, sales coverage and marketing. In total, Grainger plans to add 600,000 square feet in branch capacity in the first 10 markets.

In May, local teams in Atlanta, Denver and Seattle hosted hundreds of customers at a variety of open house events. Themed "MVP Days" the week-long celebrations in each market gave customers the opportunity to tour newly expanded showrooms, meet the branch services and sales team members in the area, and experience hands-on demonstrations by key supplier representatives.

Grainger distribution center receives safety award

Grainger's Greenville distribution center received the South Carolina Palmetto Safety Excellence Award for having the lowest OSHA recordable incident rate in the industry within the state.

Order Status enables customers to manage all orders

In May, Grainger launched new tracking functionality on its Web site that allows customers to track orders placed through any channel: online, via phone, fax or email. Available 24 hours a day, the Order Status feature provides detailed tracking and delivery information.

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 "targeting" and "plans to add" 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.