

A Monthly Sales and Information Bulletin

Featured in the News

Michael Porter, in his March 2001 *Harvard Business Review* article, "Strategy and the Internet," cites Grainger as a company whose Internet activities are complementing its traditional business. The article notes that Grainger customers who purchase online also continue to purchase through traditional channels. These customers demonstrate a 9 percent increase in incremental sales over customers ordering using only traditional means.



Grainger's multi-channel approach has placed it at the head of the B2B pack, says a Forrester Research senior analyst in the "Netropolis" section of *Darwin* magazine's March 2001 issue. Grainger.com president Jim Ryan explains that Grainger was a technology pioneer. "In today's Internet environment, we have a lot of experience," he says. "We've been talking to our customers about what they need in an e-commerce partner for longer than most."



Given the unpredictable nature of companies' maintenance and repair needs, "Many of the products [Grainger] sells are products our customers didn't know they needed until today," says George Rimnac, vice president and chief technologist for Grainger, in the February 26, 2001, edition of *ComputerWorld*. The article, "Maintenance, Repair and Operations," explains how proper management of MRO inventory can save a company tens, even hundreds of thousands of dollars, while poor management of such inventory can create waste and tie up capital.

February Sales

The W.W. Grainger, Inc. daily sales rate for the month of February was essentially flat with that of February 2000. Sales performance was affected by the continuing slowdown of the U.S. economy.

The branch-based distribution businesses and Lab Safety Supply both experienced flat daily sales.

For the month of February, the company processed sales through all of its e-businesses at an average annualized run rate of \$395 million, which was equivalent to January's run rate.

	Selling Days	
	2001	2000
Mo.	20	21
Qtr.	64	65
Yr.	255	255

Company News

Lab Safety Supply, Inc. Acquires The Ben Meadows Co., Inc.

On February 26, 2001, Grainger announced that its wholly owned subsidiary, Lab Safety Supply, acquired Ben Meadows of Canton, Georgia. Ben Meadows, a privately held corporation with annual sales of more than \$20 million, is a business-to-business direct marketer specializing in equipment for the environmental and forestry management markets. No accretion or dilution is expected.

Grainger Introduces 2001 Freight Policy

In February 2001, Grainger revised the freight policy for Grainger Industrial Supply and Grainger.com. Freight charges are now determined based on the order amount rather than by weight or distance. Additionally, the purchase threshold required for orders to qualify for free freight has been moved from \$900 to \$1,500. Also as of February, Grainger is no longer offering free freight as a promotion on Grainger.com. This move more closely aligns Grainger.com's operations with those of Grainger Industrial Supply. Select customers and those with negotiated freight agreements will continue to receive free freight given their high order volume.

Upcoming Events

April 20 - 23, 2001

National Paper Trade Association Annual Convention
Chicago, Illinois
Speaker: Don Bielinski, president, Material Logic
http://www.gonpta.com/annual_convention.cfm

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," "annualized," "is expected," "is planning to," or "estimates") 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.