

## A Monthly Sales and Information Bulletin

### Recent Information

*Fortune* magazine recognized Grainger among "America's Most Admired Companies" in their annual listing. The complete listing appears in the March 8, 2004, issue.



North America's largest foodservice marketer and distributor, Houston-based SYSCO, honored Grainger with its first annual "Operations Supplier of the Year" award last month. Grainger was one of three suppliers recognized from a total of 250 suppliers graded on a variety of criteria including integrity, cost effectiveness, efficiency, innovations and accuracy.



Grainger's 2003 Form 10-K is currently available from the SEC. A link to the document is provided at the Investor Relations section of Grainger's Web site at [www.grainger.com/investor](http://www.grainger.com/investor)

### Upcoming Events

Grainger will host its Annual Meeting of Shareholders on April 28, 2004, 10:00 a.m. CDT at its Lake Forest, IL, headquarters.

May 5, 2004, Richard Keyser, Chairman and Chief Executive Officer, will speak at the Electrical Product Group Conference in Sarasota, FL.

### February Sales

Grainger's daily sales rate for the month of February was up 6 percent versus February 2003. Sales performance was helped by a strengthening U.S. economy; other factors included favorable foreign currency and incremental sales from Gempler's.

Daily sales at Grainger's Branch-based Businesses were up 6 percent versus February 2003. Daily sales at Lab Safety were up 17 percent, including the Gempler's acquisition completed in April 2003. Daily sales for Integrated Supply were down 1 percent.

Daily sales processed through [grainger.com](http://grainger.com) were 22 percent above February 2003.

	Selling Days	
	2004	2003
Mo.	20	20
Qtr.	64	63
Yr.	255	255

### Company News

#### New Jersey completes logistics network

Grainger's new distribution center in Robbinsville, New Jersey, is on track for its April launch. Currently, inventory is being stocked at the new 435,000-sq.-ft. facility in order to provide a seamless transition from the existing facility.

New Jersey is the capstone of Grainger's four-year program to expand and improve its logistics network. In total, Grainger has constructed five new and redesigned four existing distribution centers, adding more capacity and automation to its system. As a result, Grainger has eliminated some \$100 million in inventory and has increased productivity. The new network has helped reduce headcount by 600 and should eliminate another 400 by the end of 2005. In addition, the new network is expected to help generate an operating earnings benefit of \$10 million this year and \$20 million in 2005 and beyond.

#### Market expansion program update

Late last year, Grainger launched a market expansion program to enhance local presence in the top 25 metro markets in the United States, beginning with Atlanta, Denver and Seattle. In December, Grainger added four more markets in Southern California to the program: Los Angeles, San Diego, Riverside and Orange County. In 2004, Grainger plans to add more than 150,000 square feet in showroom and warehouse capacity to the Southern California branch network, approximately 30 additional account managers to the sales force, and \$11 million in incremental inventory.

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 "on track," "should eliminate," "is expected to," and "plans," 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.