

A Monthly Sales and Information Bulletin

Recent Information

Grainger's updated logo and local marketing approach were featured in the May 3, 2004, issue of *BtoB* magazine. Group President Jim Ryan told the reporter, "Local advertising is much more impactful than national advertising. Our customers think of us as a local company, and we get much more of a lift from that kind of advertising than national."



On Friday, May 7, Grainger donated \$50,000 to Utica, Ill., as part of its Rebuilding AmericaSM program. Located approximately 100 miles southwest of Chicago, the town suffered severe damage when a tornado ripped through it on April 20. The funds will be dispersed to small, independent businesses in the community as seed money to begin rebuilding. Grainger launched the Rebuilding AmericaSM program in 2003 to help local businesses get back on their feet when disasters strike.



Upcoming Events

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

April Sales

Grainger's daily sales rate for the month of April was up 6 percent versus April 2003. Sales performance was helped by the U.S. economy and improved customer service.

Daily sales at Grainger's Branch-based Businesses were up 6 percent versus April 2003. Daily sales at Lab Safety were up 12 percent. Daily sales for Integrated Supply were up 4 percent.

Daily sales processed through grainger.com were 29 percent above April 2003.

	Selling Days	
	2004	2003
Mo.	22	22
Qtr.	64	64
Yr.	255	255

Company News

Grainger Chairman and CEO reaffirms outlook

On May 5, 2004, Dick Keyser addressed analysts attending the annual meeting of the Electrical Products Group of New York. In his speech, Keyser reaffirmed the company's 2004 earnings per share guidance of \$2.60 to \$2.80 on sales growth of 5 to 10 percent. He also discussed Grainger's key growth initiatives, including the market expansion program. "In 2004, we're adding 16 new, larger branches, relocating 20 full-sized branches to make them more accessible to our customers and expanding 19 branches in ten markets – Atlanta, Denver, Houston, St. Louis, Seattle, Tampa and four markets in southern California," said Keyser. He also announced that the company expects to invest less capital than originally anticipated for the market expansion program – \$65 to \$75 million vs. \$70 to \$85 million – due to a higher percentage of leased buildings.

Grainger increases quarterly dividend

Grainger's board of directors voted on April 28, 2004, to increase the quarterly dividend from 18½ to 20 cents per share. This increase marks the 33rd consecutive year of increased dividends. The new quarterly dividend will be payable June 1, 2004, to shareholders of record as of May 10, 2004.

Market expansion program update

Last week Grainger opened a new 49,000-sq.-ft. branch in Norcross, Ga., combining two branches. The new branch features a 10,000-sq.-ft. showroom and 34,000 products in stock and available the same day. Also this month, Grainger is expanding its branch in Myrtle Beach, S.C., nearly doubling the size of the facility.

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 "guidance," "expects," and "anticipated," 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.

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