

A Monthly Sales and Information Bulletin

Recent Information

Market Expansion Update Project to Date as of 4/30/2005 Branches

Opened	24*
Closed	4
Relocated	12
Expanded	19

*Includes 12 Grainger Express® locations



Fortune Magazine released its Fortune 500 list in April and ranked Grainger as follows:

Revenues	385
Profits	319
Total return to shareholders	82



Last month, Grainger announced organizational changes. Laura Brown was promoted to Vice President, Marketing, and Deb Oler to Vice President, Sales Effectiveness and Direct Marketing.



On Monday, May 9, 2005, Grainger opened a branch on the campus of San Diego State University. The new branch will stock products tailored to the needs of the university and its 33,000-student population.

Upcoming Events

Electrical Products Group
May 15 -18, 2005
Longboat Key, Fla.
Speaker: James T. Ryan,
Group President

April 2005 Sales

Grainger's daily sales for the month of April grew 12 percent versus April 2004. Grainger benefited from the timing of the Easter holiday in March 2005 versus April 2004, and continued traction from the market expansion program.

Daily sales at Grainger's Branch-based Businesses were up 11 percent versus April 2004. At Lab Safety Supply (LSS), daily sales were up 16 percent, including AW Direct, a recent acquisition.

	Selling Days	
	2005	2004
Mo.	21	22
Qtr.	64	64
Yr.	255	255

Company News

Grainger launches market expansion program in Kansas City

On April 18, 2005, Grainger announced plans to augment its presence in Kansas City, Mo., as part of the market expansion program.

"We've been serving the Kansas City business community since 1935 and our upcoming expansion further demonstrates our commitment to helping our customers in this area get their jobs done," said Grainger's Regional Vice President, Branch Services, Brian Bannon.

Grainger's market expansion program is currently underway in Cincinnati, Houston, Southern California, St. Louis and Tampa. Work in the Atlanta, Denver and Seattle markets is complete, and the company anticipates above average sales growth as customers turn to Grainger more often, driven by the company's improved presence and service offering.

In 2005, Grainger plans to invest \$60 to \$70 million in capital on the market expansion initiative. Through the first quarter, the company was on track to meet its incremental sales projections for these markets of \$90 to \$110 million for the year.

Grainger hosts Annual Shareholders' Meeting

On April 27, 2005, Grainger hosted its 38th Annual Shareholders' Meeting at company headquarters in Lake Forest, Ill. At the meeting, Chairman and Chief Executive Officer Richard L. Keyser reiterated the company's projected earnings per share guidance of \$3.20 to \$3.45 for 2005. The presentation from the meeting is available at the Investor Relations section of Grainger's Web site.

Grainger increases quarterly dividend by 20 percent

At the board of directors meeting on April 27, 2005, the company's directors declared a cash dividend of 24 cents per share payable June 1, 2005, to shareholders of record May 9, 2005. This represents an increase of 20 percent from the prior quarterly rate of 20 cents per share, the largest percentage increase since 1979. With 34 consecutive years of increasing dividends, Grainger is among only 57 companies in the S&P 500 with such a record.

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 "plans," "upcoming," "anticipates," "on track," "goals," "projected," "guidance" 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.