

A Monthly Sales and Information Bulletin

Grainger's third quarter results will be issued on Monday, October 18, at 8:00 a.m. EDT.

Recent Information

In its August 15th issue, *CIO* magazine named Grainger as a recipient of the annual CIO 100 Award for the seventh time. The award recognizes organizations around the world that excel in combining IT agility with enterprise agility in order to move quickly and create advantage in a rapidly changing world.



The September issue of *Business & Industry Connection* detailed Grainger's market expansion program in the Houston market, highlighting Grainger's new Deer Park facility. Scheduled to open next month, the new branch will feature a safety-product specialist to assist local petrochemical industry customers.

Upcoming Events

September 28, 2004

New Jersey Distribution Center
Robbinsville, N.J.
Speakers: Dick Keyser, Chairman and Chief Executive Officer
Y.C. Chen, Sr. Vice President,
Supply Chain

December 15, 2004

Grainger management will host an analyst meeting in Atlanta, Ga., to provide an update and present the company's outlook for 2005.

August Sales

Grainger's daily sales rate for the month of August was up 9 percent versus August 2003.

Daily sales at Grainger's Branch-based Businesses were up 9 percent versus August 2003. At Lab Safety, daily sales were also up 9 percent. Daily sales for Integrated Supply were up 5 percent.

Daily sales processed through grainger.com were 31 percent above August 2003.

	Selling Days	
	2004	2003
Mo.	22	21
Qtr.	64	64
Yr.	255	255

Company News

Market expansion program update

Grainger's leadership team welcomed members of the financial community to the downtown Seattle, Wash., branch on September 8. Laura Brown, Vice President, Market Planning, provided an overview of the market expansion program and Tim Wood, District Branch Services Manager, detailed the progress of the program in the Seattle area.

Grainger has increased square footage and inventory in the Seattle market by nearly 50 percent. Monthly sales growth for the past three months has been more than double the overall U.S. branch sales rates. In August, Grainger relocated its branch in Bellingham, Wash., to a larger facility stocked with more than 22,000 products. Grainger currently operates nine facilities in the Seattle market.

In other market news, this week Grainger opened a Grainger Express in Pasadena, Calif. Express locations are convenient, stockless pick up points for customers in highly congested areas.

Hurricane update

Grainger has donated thousands of tarps, flashlights and batteries to the American Red Cross in Florida to help victims of the recent hurricanes get back on their feet. Contributions and commitments to date bring the total value to more than \$1 million.

In addition to the company's product donations, Grainger branches in the affected areas extended their hours of operation to help customers. Thanks to Grainger's recently completed logistics network project, in-demand generators, chainsaws and other hurricane-related products were quickly delivered where customers needed them most.

Grainger has 23 branches in Florida and a distribution center in Jacksonville.

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 "scheduled to open," "anticipate," "estimate," "believe," "project" and "plan" 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.