

## Recent Information

The Sept. 2, 2005 edition of CNBC's *Squawkbox* featured an interview with Group President Jim Ryan regarding Grainger's efforts to support emergency relief crews and customers in areas affected by Hurricane Katrina. Grainger's contribution to relief efforts has been featured in several media outlets including *CBS Marketwatch*, KSHB-NBC News Radio, Forbes.com and ABC's *The View*.



An article on rising oil costs in the August 29, 2005 edition of *Crains Chicago Business* quotes Grainger CFO P. Ogden Loux on the issue. Loux comments on Grainger's rebound with manufacturing customers. "For most manufacturers, energy as a percentage of cost of goods sold is under 5 percent, often around 3 percent ... some manufacturers are benefiting anyway as the oil and gas sector demands more new equipment and components."



The September edition of *Purchasing* magazine featured an interview with Deb Oler, Vice President, Sales and Marketing Operations. In the article, Oler defines Grainger's strategy regarding unplanned facilities maintenance product purchases.

## Upcoming Events

**Third Quarter Earnings Release**  
October 17, 2005

**Analyst Meeting – 2006 Outlook**  
November 16, 2005  
Houston, Texas

## A Monthly Sales and Information Bulletin

### August 2005 Sales

Grainger's daily sales for the month of August grew 9 percent versus August 2004. Hurricane Katrina negatively affected sales at branches in Alabama, Florida, Louisiana and Mississippi, but should positively impact sales in September. Strong sales of seasonal products contributed 1 percent to the growth.

Daily sales at Grainger's Branch-based Businesses were up 9 percent versus August 2004. At Lab Safety Supply (LSS), daily sales were up 14 percent, including AW Direct, a recent acquisition.

	Selling Days	
	2005	2004
Mo.	23	22
Qtr.	64	64
Yr.	255	255

### Company News

#### Grainger hosts market expansion update

Grainger hosted an update on its market expansion program in downtown Los Angeles today with Group President Jim Ryan providing an overview of the company's growth strategy and Laura Brown, Vice President of Marketing, offering an update of the market expansion program in four markets in Southern California – Orange County, Inland Empire, San Diego and the Los Angeles area. "The scale advantages provided by our broad product line, extensive customer coverage, new logistics network and information systems position us to capture additional market share," said Ryan.

According to Brown, the four Southern California markets together represent about 5 percent of the \$100 billion market. "We're seeing sales in the Southern California markets outpace the national average," she said. "We're also seeing strong growth in new accounts and customers are purchasing more frequently in these markets as compared to markets that are not part of the market expansion program." The table at right details total U.S. market expansion program-to-date activities as of August 31, 2005.

Branches	
Opened*	26
Closed	4
Relocated	16
Expanded	23
Retrofitted	18
*Includes 13 Grainger Express® locations	

The day began with a tour of Grainger's 309,000-sq. ft. Los Angeles Distribution Center led by Kevin Peters, Vice President, Supply Chain Operations, which showcased how Grainger's logistics network supports the market expansion program. Grainger distribution centers ship customer orders and replenish branches daily. Presentations will be available on the Investor Relations section of Grainger's Web site.

#### Grainger assists in Hurricane Katrina recovery efforts

Grainger pledged more than \$1 million in cash and emergency supplies such as tarps, gloves, flashlights and batteries to the Red Cross Disaster Relief Fund to help communities and businesses recover following Hurricane Katrina. The company also is encouraging its employees to contribute to the recovery efforts by providing a four-to-one match of employee gifts to the Fund.

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," "will," "projected" 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.