

A Monthly Sales and Information Bulletin

Featured in the News

In an October 29, 2001, article, *Crain's Chicago Business* highlights the ways companies like Grainger are using the Internet to streamline supply chains and cut costs. Since first creating an Internet-based supply chain in 1996, Grainger has linked electronically to 1,200 suppliers, resulting in a 17 percent drop in errors in 2000. "If we give everybody in the supply chain real-time information to fix a problem, it drives costs down for us and our customers," says Fred Loepf, vice president of product management.



In November, Grainger's website was named one of the NetMarketing 200, a list of the best business-to-business websites, compiled by *BtoB* magazine. The article notes that Grainger, "a perennial high-scorer, has e-commerce figured out."



In its December 1, 2001, issue, *Industrial Distribution* describes the success of Grainger's Repair Parts Center, now accessible through Grainger.com. This site offers customers detailed views of repair part diagrams, helping them identify the exact part they need from 110 manufacturers. Linking through Grainger's website helped increase customer visits to the Repair Parts Center from 11,000 to 105,000 in its first month of operation.

November Sales

The W.W. Grainger, Inc. daily sales rate for the month of November was 10 percent below November 2000. Sales performance was affected by continuing weakness in the North American economy and unseasonably mild weather in many parts of the United States.

Daily sales at Grainger's branch-based distribution businesses were 11 percent below November 2000. Daily sales at Lab Safety Supply were down 3 percent. Daily sales for Grainger's other businesses, primarily represented by Grainger Integrated Supply, were up 2 percent.

In November, Grainger processed sales through its Internet sites at an average annualized run rate of \$480 million, including \$360 million for Grainger.com.

| | Selling Days | |
|------|--------------|------|
| | 2001 | 2000 |
| Mo. | 21 | 21 |
| Qtr. | 64 | 63 |
| Yr. | 255 | 255 |

Company News

Grainger Issues Financial Forecast for 2002

As previously announced, Chairman and Chief Executive Officer Richard L. Keyser and Chief Financial Officer P. Ogden Loux met with the financial community on November 30. In addition to reiterating Grainger's guidance for 2001, the company provided an outlook for 2002, including a forecast of sales and earnings.

| 2002 Total Company Forecast | |
|-----------------------------|--------------------------------|
| Sales growth | 2% to 7% |
| Operating margin | 8% to 9% |
| Earnings per share | \$2.30 to \$2.65 |
| Capital expenditures | \$130 million to \$150 million |

Mr. Keyser's presentation is available on the Investor Relations section of Grainger's website, www.grainger.com.

Grainger Opens New Distribution Center in Dallas

In December, Grainger opened its Dallas distribution center, the second of nine automated facilities. The distribution centers will be responsible for shipping and branch replenishment. Distribution centers in Kansas City, Mo., Chicago, and Greenville, S.C. are scheduled to open in 2002.

This document contains statements that are forward-looking, i.e. not historical facts. The forward-looking statements (generally identified by words or phrases indicating a projection or future expectation such as "annualized run rate", "forecast", "will", or "is expected") are based on the company's current expectations and some of them are subject to risks and uncertainties the outcome of which could result in actual future performance being materially different from the performance indicated. They 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 and 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.

