

# Grainger at a Glance

## BUSINESS MODEL

Branch-Based Business

Branch-Based Business

## LOCATION

United States

Canada

## MARKETS

**Grainger** operates in the United States through a network of 416 branches, 10 distribution centers and its Web site, [grainger.com](http://grainger.com). Grainger offers a broad line of facilities maintenance products, repair parts, specialized product sourcing and inventory management. Grainger sells principally to industrial and commercial maintenance departments, contractors and government customers. Sales transactions during 2005 were made to approximately 1.3 million customers.

**Acklands – Grainger Inc.** is Canada's leading broad-line distributor of industrial, fleet and safety products. It serves 51,000 customers through 165 branches and five distribution centers across Canada. It also offers a bilingual Web site, [acklandsgrainger.com](http://acklandsgrainger.com), and catalogs.

## VALUE PROPOSITION

Grainger provides the best combination of product selection, local availability, speed of delivery and simplicity of ordering at the lowest total cost of acquisition.

Acklands – Grainger provides customers with convenient access to a superior combination of product range, selection, fulfillment and before- and after-sales service.

## 2005 ACCOMPLISHMENTS

- Experienced growth in all customer end markets.
- Integrated major IT systems onto a single platform.
- Executed comprehensive expansion program in targeted metropolitan markets.

- Achieved record sales growth of 16 percent, 8 percent in Canadian currency.
- Opened six new branches, while closing seven smaller ones.

## GROWTH OPPORTUNITIES

Grainger can save customers time and money by offering a comprehensive service package, and having the right products available locally to solve customer problems. Grainger operates in a highly fragmented, \$115 billion facilities maintenance market in the United States.

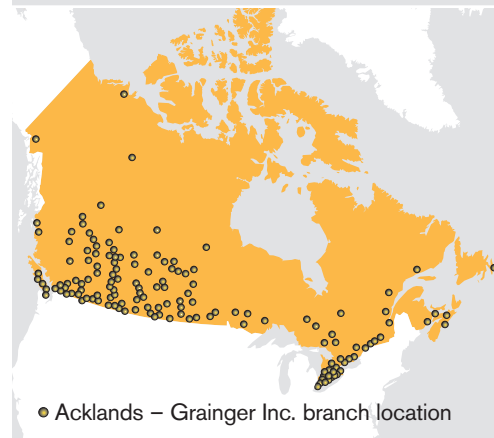
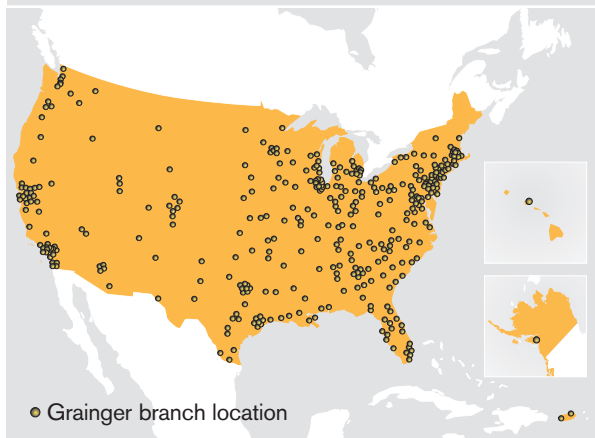
By providing a comprehensive offering, Acklands – Grainger plans to gain share in the Canadian facilities maintenance market, estimated at \$12 billion. In 2006, Acklands – Grainger plans to work on its systems infrastructure to improve service and reduce costs.

## COMPETITORS

Fastenal  
Home Depot Supply  
McMaster-Carr  
MSC Industrial Direct  
Regional and local suppliers

Gregg Distributors  
Hagemeyer  
Home Depot Supply  
Levitt Safety  
Regional and local suppliers

## SITES



Branch-Based Business	Branch-Based Business	Direct Marketing Business
Mexico	China	United States
<b>Grainger, S.A. de C.V.</b> , Mexico's leading facilities maintenance supplier, serves 25,000 local businesses through six branches, a distribution center, a catalog, and online at grainger.com.mx.	<b>固安捷™ (Grainger)</b> Grainger is developing a distribution presence in China.	<b>Lab Safety Supply (LSS)</b> reaches its North American customers through the distribution of multiple branded catalogs and other marketing materials and multiple Web sites for targeted markets. It supplies small and medium-sized companies in diverse industries, including manufacturing, government and agriculture.
Grainger, S.A. de C.V. quickly and easily provides local businesses with facilities maintenance and other products supplied from both Mexico and the United States.	Grainger's operations in China will provide the burgeoning market with facilities maintenance products through a catalog and branch presence in Shanghai.	LSS provides exceptional customer service and same-day shipping for a broad selection of safety and other products offered through direct mail catalogs and Web sites.
<ul style="list-style-type: none"> <li>Achieved record sales growth of 19 percent.</li> <li>Expanded telesales and regional sales efforts.</li> </ul>	<ul style="list-style-type: none"> <li>Established operations structure.</li> </ul>	<ul style="list-style-type: none"> <li>Achieved record sales growth of 13 percent.</li> <li>Acquired the business of AW Direct, Inc.</li> <li>Expanded product line and targeted media.</li> <li>Issued 10 unique catalogs.</li> </ul>
Grainger aims to gain share in the \$10 billion facilities maintenance market in Mexico. Through its expanded branch presence, Web site enhancements and improved telesales efforts, Grainger helps customers find and buy facilities maintenance products.	The facilities maintenance product market in China today is estimated at approximately \$30 billion, with half of that to industrial customers.	LSS continues to pursue strategic acquisitions to expand the number of markets it serves. Early in 2006, it acquired the business of Rand Material Handling Equipment.
Fastenal GE Supply Hagemeyer McMaster-Carr Regional and local suppliers	Regional and local suppliers	Airgas Safety Fisher Scientific Forestry Suppliers Global Industrial K+K America

