The Graco Story

Wow! 75 years old, look how you've grown!
Dear Graco employees, retiree’s and families.

The 75th anniversary of Graco is a time to look back on the history of our company and reflect on the progress we have made. It is also a time to think about the future, and the opportunities we have to build an even stronger and more vibrant Graco. As we do so, we can look with pride at what we have accomplished. Over the decades the company has served its stakeholders - its customers, employees, shareholders and communities - well through sustained profitable growth. With commitment, skill and hard work, our employees and management around the world have worked together to achieve the many ambitious goals we set for ourselves, leading us to where we are today.

Historical events have also played a significant role in the company’s growth. Weathering the hard times of the Depression and meeting the challenges of World War II readied the company to participate in the post-war economy of the 50’s and 60’s. Developing new products and entering new markets, Graco expanded its worldwide presence throughout the 70’s and 80’s. Graco entered the 90’s well-positioned to participate in the greatest economic expansion in US history, and we achieved record levels of growth, profitability and shareholder value.

As we enter the 21st century, we can be proud of what we have built in the last 75 years. Graco has a world-wide reputation for the highest quality, most reliable and most technically advanced products in our markets; world-class manufacturing; an unmatched distribution network; outstanding customer service; and a strong financial position. The years to come will present even greater challenges, with the accelerating pace of change, ever more demanding customers and stronger competition. But with dedicated, skilled employees and a management team committed to continuous improvement and operational excellence, Graco is poised for even greater achievements in the future. It has been a wonderful journey so far, but we are convinced that the best is still ahead.

Sincerely,

David A. Koch
David Koch, Chairman Emeritus

George Aristides
George Aristides, Chairman of the Board and Chief Executive Officer
THE TWENTIES:

THE ROARING TWENTIES

Gray Company, Inc. was established as a corporation in April 1926. It was founded by brothers Russell and Leil Gray - with investors Harry Murphy Sr. and Greer Wheaton - to manufacture and market an air-powered, portable lubricator that Russell invented while working as a parking lot attendant and greaser in downtown Minneapolis. The fledging company set up manufacturing and sales operations at 120 South Tenth Street in Minneapolis.

Gray Company was established during the height of the “Roaring Twenties” — a period of growth and indulgence in America. During this period the stock market was soaring, fueled by heavy investing by Americans from all walks of life. Stocks were often purchased on credit to take advantage of the growing wealth.
It was also the age of Prohibition. Bootlegging and rum-running became lucrative, illegal industries. Speakeasies flourished and un-traditional dance styles like the Charleston and Lindy spawned the “flapper” generation. Jazz was the rage and national heroes included Babe Ruth, Charles Lindbergh and Jack Dempsey.

The decade’s glitz and glamour came to a catastrophic end in 1929 when the stock market crashed after reaching an all-time high earlier that year.
THE THIRTIES:

THE GREAT DEPRESSION

The major event of the Thirties was the Great Depression. Not only was it a nationwide economic fall, but it caused the collapse of the world market. In the Midwest the crisis was worse, caused by the draught and dust bowl that forced many farm families to move West in search of jobs.

Against this turmoil, Gray Company found a niche that kept it, and the employee families it supported, afloat. In fact, to meet the growing demand for more lubrication equipment, the company expanded its product line to include larger, specialized lubricators, and pioneered a traveling equipment display and demonstration trailer. Gray Company took its products on a number of successful cross-country tours — increasing sales, expanding distribution and establishing the company as a leader in lubrication equipment.
When FDR became President in 1932, he created a number of government programs to increase jobs and a better society for suffering Americans. Social Security and national minimum wage acts were implemented, as were government funded work programs. This was the "New Deal" for the country and it started a bigger role and more responsibility for the government.

At the end of the decade, Gray Company's progress, in spite of the Depression, dictated a need for larger and more modern quarters. It moved to 60 Eleventh Avenue Northeast in 1938 and is still a part of the Minneapolis campus.

**WHAT'S A DOLLAR WORTH?**

Average prices in 1935:
- Income $1,632
- Automobile $625
- Home $3,400
- Bread 8¢
- Gas (gal.) 10¢
- Milk (gal.) 47¢
- Gold (oz.) $20.67
- Silver (oz.) 38¢
- Dow Jones 104 - 144

**BUZZ WORDS...**

- Pluto
- Sinclair Lewis
- BBC
- John Dillinger
- Star Spangled Banner
- Empire State Building
- Amos 'n' Andy
- Frigidaire
- Duke Ellington
- Radio City Music Hall
- New Deal
- Chicago World's Fair
- Bonnie & Clyde
- Dust Bowl
- Gallup Poll
- Technicolor
- Porgy and Bess
- Radar
- Gone with the Wind
- Artificial Heart
- Boulder Dam
- Helicopter
- Hindenburg
- Charlie McCarthy
- Snow White & the Seven Dwarfs
- War of the Worlds
- Grand Ole Opry
- Our Town
- Ballpoint Pen

**SALES MILESTONES**

$500,000 by 1938
World War II and its aftermath dominated the Forties. It plunged Europe, Africa, North America, Australia and Japan into a conflict that affected almost every family in North America, Europe and Asia Pacific. During these years, Gray Company turned its productive capacity to helping the war effort. It developed the famous Convoy Luber which proved invaluable in keeping the allied trucks, jeeps, tanks and aircraft lubricated during the push through Europe and in the Pacific.

Gray Co.'s first paint pump introduced in 1948 was the Paintmaster™. It eliminated the need to transfer paint to a pressure tank before spraying.

Gray's 60 - 11th Avenue N.E. manufacturing facility, circa 1945.

1940
Winston Churchill becomes British Prime Minister. First McDonald's opens.

1941
Gray Co. develops the Convoy Luber trailer-mounted lube system for W W II. Japan launches attack on Pearl Harbor.

1942
“Casablanca” and “White Christmas” are released. Radar comes into operational use.

1943
President freezes prices to prevent inflation.
Gray Company also made dies for 50 caliber cartridges, tank track pins and landing gear components for aircraft. During the war years, Gray Company earned two of the coveted Army and Navy “E” awards for efficiency in war production.

Returning to peacetime activities and looking ahead to untapped markets, Gray Company’s greatest growth plans were apparent. W W II had ended the Depression and transformed American industry into a growing entity. To take advantage of this opportunity, Gray Company established the Industrial Equipment Division. The company wasn’t a niche market manufacturer anymore; it was seeking a broader horizon.

**WHAT’S A DOLLAR WORTH?**

Average prices in 1945:
- Income: $2,390
- Automobile: $1,025
- Home: $4,625
- loaf of Bread: $8
- Gas (gal.): 83¢
- Milk (gal.): 15¢
- Gold (oz.): $35.00
- Silver (oz.): 71¢
- Dow Jones: 152 - 192

**BUZZ WORDS...**

- Superman • Bugs Bunny • Plasma •
- Citizen Kane • United Nations •
- W hite Christmas • Chattanooga
- Choo Choo • Manhattan Project •
- Pentagon • O klahoma! • D-Day •
- National Velvet • Liz Taylor •
- Cannery Row • Fluoridation •
- Benjamin Spock • Cannes Film
- Festival • It’s a Wonderful Life •
- Marshall Plan • Jackie Robinson •
- Gandhi • A Streetcar Named
- Desire • Microwave O ven •
- Miracle on 34th Street • NATO •
- People’s Republic of China •
- 33 1/3 LP • Big Bang

**SALES MILESTONES**

$1 million by U.S. entry into W W II, 1941

1944
- Allied forces invade Normandy in June. (D-Day).
- Gray Company expands facility and opens N.Y. branch.

1945
- Germany surrenders May 8th (V-E Day).
- Japan surrenders Sept. 2nd (V-J Day).

1946
- Philippines gains independence from U.S.
- Benjamin Spock’s childcare classic published.

1947
- Jackie Robinson becomes the first African-American to play baseball in the major leagues.

1948
- Gray Company introduces the Paintmaster™.

1949
- The North Atlantic Treaty (NATO) is established.
- “Big Bang” theory explained.
THE FABULOUS FIFTIES:

BABY BOOMER ERA

The Fifties were the beginning of full scale consumerism in the United States. Following WW II, the economy began to boom as restrictions were removed from many of the products civilians couldn't buy during the war. The GI Bill allowed returning servicemen to further their education and skills, buy new homes and start families. Large corporations created new jobs and new technologies such as the transistor radio and the color television, transforming the way people lived.

1950's

1950
Korean War begins.
First Xerox® machine produced.

1951
Color Television is introduced.
UNIVAC® introduces first computer to handle numeric and alphabetic data.

1952

1953
Joseph Stalin dies. Children receive polio vaccine.

1954
Boeing tests 707, first jet-powered transport plane.

1955
Fire-Ball™ lube pump introduced.
Gray Co. purchased Oakes resort for employee use.

Gray Company’s Hydra-Clean™ sprayer pressurewashes Russell Gray’s 1958 Cadillac.

Hydra-Spray™ gun was Gray Co.’s first airless paint spray gun introduced in 1958.

Fast-Flo® pump was used for de-icing operation at airport.

Mogul® 20:1 Hydra-Spray - Gray Co.’s first airless paint sprayer introduced in 1958.
While the Gray Company continued to be a leader in automobile servicing, it began designing fluid handling and finishing equipment for the companies that manufactured these consumer goods. In 1958, the first airless paint sprayer was introduced. And with the development of the airless spray gun, Gray Co. became a market leader in spray painting industries.

In 1954, further expansion occurred with the purchase of the Hanna properties along the Mississippi River. Today, it is known as the Riverside complex and houses industrial manufacturing, assembly, warehouse and training facilities. Although the company was still a small enterprise, sales rose to $5 million and the work force grew to 400.

With the death of Leil Gray in 1958, Harry A. Murphy Sr. was named President and CEO. He held the position for four years.

Harry Murphy was named President after the death of Leil Gray in 1958.

WHAT'S A DOLLAR WORTH?

Average prices in 1955:
- Income: $4,137
- Automobile: $1,910
- Home: $10,950
- Bread: 18¢
- Gas (gal.): 23¢
- Milk (gal.): 92¢
- Gold (oz.): $35
- Silver (oz.): 90¢
- Dow Jones: 408 - 488

BUZZ WORDS...
- McCarthyism • Guys and Dolls • The King and I • Rock 'n' Roll • African Queen • Catcher in the Rye • UNIVAC • Ben-Hur • High Noon • Honeymooners • Singin' in the Rain • The Old Man and the Sea • TV Guide • I Love Lucy • Geneva Conference • Rosa Parks • Polio Vaccine • James Dean • Fiber Optics • Suez Canal • Elvis Presley • Sputnik I • West Side Story • Leave it to Beaver • The Bridge on the River Kwai • Pacemaker • Peanuts • Billboard • Exodus • Fidel Castro • Alaska • Hawaii • Doctor Zhivago

SALES MILESTONES

$5 million by mid-50s
THE SIXTIES:

NEW FRONTIERS

The 60’s are often referred to as the “New Frontier” years. Man was propelled into space and the US was the first nation to set foot on the moon. While Americans across the country were struggling with the issues of Civil Rights and the Vietnam War, the government was expanding social services with new programs such as Medicare and Medicaid. The US also began to grasp its responsibility for developing countries around the world and initiated foreign policies that are still evident today.

- 1960's
- 1960
  - Kennedy defeats Nixon in close presidential race.
  - US develops the first laser device.

- 1961
  - Alan B. Shepard becomes the first US astronaut in space.

- 1962
  - John Glenn, Jr. is first American to orbit Earth.
  - David Koch assumes leadership of the company.

- 1963
  - President Kennedy is assassinated.
  - First liver transplant is performed.

- 1964
  - US Surgeon General affirms that cigarette smoking causes cancer.

- 1965

- 1966
  - Medicare begins.
  - FDA declares “the Pill” safe for human use.

Fluid Commander™ is an automated system for controlling, metering and keeping inventory of dispensed automotive fluids.

Hydra-Cat® - Graco’s first plural component spraying unit is shown spraying foam insulation.

First RAC™ Tip

First international Purchase Order.

Graco’s first electric airless spraye, the EH-300.
Gray Company was expanding its horizons too. Realizing the importance of world markets and the steady increase of its foreign trade, Gray Co. established an Export Department in 1960. In 1962, the company further acknowledged the importance of worldwide trade by creating an International Sales Division, with subsidiaries in Europe, Asia, South America and Canada. Recognizing the significant contribution made by Gray Co. to expand its overseas markets, the company received the coveted President’s “E” Award for export excellence — only the fourth Minnesota firm to receive this honor.

In 1962, David A. Koch assumed leadership of the company after Harry Murphy retired. Koch set out to strengthen and expand its leadership in markets around the world. When Gray Company went public in 1969, it changed its name to Graco Inc. Sales had reached $33 million.

**WHAT’S A DOLLAR WORTH?**

Average prices in 1965:
- Income: $6,469
- Automobile: $2,614
- Home: $13,600
- Bread: 21¢
- Gas (gal.): 31¢
- Milk (gal.): $1.05
- Gold (oz.): $35
- Silver (oz.): $1.29
- Dow Jones: 869 - 969

**BUZZ WORDS...**

Psycho • To Kill a Mockingbird • Laser • OPEC • Moon River • JFK • Catch 22 • Johnny Carson • Lawrence of Arabia • One Flew Over the Cuckoo’s Nest • Industrial Robots • The Beatles • The French Chef • Valium • Warren Report • The Pill • The Grateful Dead • Mary Poppins • Malcolm X • The Sound of Music • Medicare • Miranda • Star Trek • In Cold Blood • PBS • Rolling Stone Magazine • The Graduate • Cool Hand Luke • Midnight Cowboy • Sesame Street • Butch Cassidy and the Sundance Kid • The Godfather • Moon Walk

**SALES MILESTONES**

1969
- Graco becomes a publicly held company and changes its name to Graco Inc.
- Graco purchases a majority interest in Fogautolube S.A. (Fogl in France.)

1968
- Martin Luther King is slain in Memphis. “60 Minutes” airs on CBS.

1967
- First successful human heart transplant.
- China announces explosion of first hydrogen bomb.

40th Anniversary tree planting. Russell Gray applying his secret growth formula.

40th Anniversary tree planting. Russell Gray applying his secret growth formula.

Hydra-Spray® Line featuring Bulldog®, President™ & Monark™ high pressure pumps in 1961.

Mogul™ high pressure extrusion pump on ram applying heavy sealing materials to roadway.

Graco celebrates 40th Anniversary — Main Plant is decorated for the occasion.

Graco celebrates 40th Anniversary — Main Plant is decorated for the occasion.

Dave Koch named President in 1962 after Harry Murphy Sr. retires.
THE SEVENTIES:
DECADE OF CONTROVERSY

Graco reached $50 million in sales in 1971, five years before celebrating its 50th anniversary. By the end of the decade, sales doubled to $100 million. This growth was achieved by solidifying its position in existing markets and entering new ones. Important strategic decisions were made that led to this growth such as the acquisition of H.G. Fischer & Co. in Chicago. The acquisition gave the company an electrostatic paint spray gun and dramatically boosted its position in the Industrial and Automotive finishing marketplaces. Graco also authorized a three-for-two stock split in 1973, the first in its history.

1970
Graco acquires H.G. Fischer Co., in Chicago, adding electrostatic spray equipment to its finishing product line.

1971
Twenty-Sixth Amendment lowers voting age to 18.

1972
Democratic headquarters at the Watergate Hotel are broken into.

1973
Graco opens European headquarters in Rungis, France, moving operations from Geneva.

1974
Introduction of Hydra-Clean®.

1975
Technical Center completed.

1976
US celebrates 200th anniversary.
Graco celebrates 50 years in business.

Russell Gray Technical Center completed in 1975.
ACQUISITION

Events taking place in the US and around the world were not as calm. The Vietnam War was still controversial and would continue until 1973; the Watergate scandal embroiled Washington and resulted in the resignation of President Nixon; deficit spending increased; the revolution in Iran caused the first energy crisis in modern times and also resulted in the Iranian hostage crisis; and an economic recession in the US in 1975 resulted in unfavorable business conditions for most companies. Graco dug in, weathered the recession and was poised to continue its growth when the economy recovered.

WHAT’S A DOLLAR WORTH?

Average prices in 1975:
- Income $14,816
- Automobile $4,225
- Home $39,300
- Bread 36¢
- Gas (gal.) 44¢
- Milk (gal.) $1.57
- Gold (oz.) $161.49
- Silver (oz.) $4.42
- Dow Jones 632 – 852

SALES MILESTONES

1977
- Graco introduces first gas-hydraulic airless sprayer - the Paint Ranger.

1978
- Balloon angioplasty developed.
- Sony introduces Walkman, first portable stereo.

1979
- Three Mile Island nuclear incident.
- President Carter and Premier Brezhnev sign Salt II agreement.

SALES MILESTONES

$86 million on Graco’s 50th Anniversary (1976)
THE EIGHTIES: THRIVING CAPITALISM

During the 80's, Graco had more products in development than at any time in its history. In 1981, the company reorganized into operational divisions to more effectively focus on major market opportunities. Today's Industrial/Automotive Equipment Division, Contractor Equipment Division and Lubrication Equipment Division evolved from this structure. In 1983, Graco introduced more successful new products than any other year, specifically in sealant and adhesive applications. In 1986, Graco listed its common stock on the New York Stock Exchange under the trading symbol “GGG”.

Russell Gray dies in 1983

1980's

1980
John Lennon shot in New York City.

1981
IBM* launches the personal computer. AIDS is identified.

1982
Space shuttle Columbia makes its first mission.

1983
Graco introduces the PRO™ 4000 electrostatic spray gun, featuring an electrostatic cartridge.

1984
Apple introduces Macintosh® PC. Bell System broken up.

1985
Graco acquires 100% ownership of Nihon Gray in Japan, expanding its Asia Pacific influence.

1986
Graco common stock is listed on the New York Stock Exchange under the ticker symbol “GGG.”
Changes were occurring around the world too. The dismantling of communism in the USSR and the tearing down of the Berlin Wall all helped end the Cold War. Reaganomics became the popular phrase as Americans debated the pros and cons of tax cuts, shrinking federal government and increases in defense spending. One of the fastest growing products to emerge in the 80’s was the home computer, while the invention of the compact disc (CD) would change the way the world listened to music and stored information.

Average prices in 1985:
- Income: $22,138
- Automobile: $9,011
- Home: $89,331
- Bread: 96¢
- Gas (gal.): $1.09
- Milk (gal.): $2.31
- Gold (oz.): $311.61
- Silver (oz.): $6.09
- Dow Jones: 1198 – 1546

**BUZZ WORDS**
MTV • PacMan • Raiders of the Lost Ark • AIDS • Personal Computers • Thriller • Cats • E.T. • The Extra-Terrestrial • The Color Purple • MRI • Compact Discs • The Right Stuff • El Nino • The Cosby Show • Amadeus • Macintosh • Madonna • Desktop Publishing • Out of Africa • “New” Coke • We Are the World • Fox Network • Oprah Winfrey Show • Nintendo • Graceland • Halley’s Comet • Thritysomething • NAFTA • Rain Man • Global Warming • Exxon Valdez • Don’t Worry Be Happy • Virtual Reality • Field of Dreams • www.com

**SALES MILESTONES**
- 1988: Graco introduces its first all-plastic pump for fluid transfer applications - the Husky™ 715.
- 1989: Graco acquires Pyles, expanding its sealant and adhesive product line.
- 1989: The Berlin Wall is torn down.
THE NINETIES:  

THE INFORMATION ERA

The 90’s were the age of information. From the first fiber optic cable to the Internet on to the latest palm-sized cellular phone, this decade developed more ways to communicate and provide information than any previous decade in the history of mankind.

Graco also took advantage of this technology, incorporating state-of-the-art electronics in its sprayers and providing manufacturers with the capability to program functions into proportioning equipment that allows them to change materials easier and monitor usage.

Graco’s growth in the 90’s resulted in expansion of the Russell Gray Technical Center for increasing product development; a factory for manufacturing spray guns in Sioux Falls, South Dakota; a new European headquarters in Belgium; and a world-class manufacturing and distribution...
The 90s were also an era of unparalleled economic growth. Under the direction of George Aristides, Graco began its most aggressive drive to increase sales and profits. While sales increased from $322.6 million in 1993 to $450.5 million in 1999, net income rose from $39.5 million in 1993 to a very strong $59.3 million in 1999. Graco continues to increase sales and post strong profits.

Graco acquired certain assets of Böllhoff Verfahrenstechnik located in Bielefeld, Germany. Renamed Graco Verfahrenstechnik, the company has products that can be marketed and sold through Graco's global distribution channels.

Graco's air, HVLP, and air-assisted spray guns help wood product manufacturers comply with stricter emission standards.

Graco's PrecisionFlo™ PVC dispensing sealant in automobile body interiors.

New LineLazer™ walk-behind pavement line stripers introduced in 1990.
2000:

A SOLID FOUNDATION
FOR THE NEW CENTURY

As Graco moves into the 21st century, our success will continue to depend on how well we can meet our customers’ requirements and expand our business. “Graco’s success over the past 75 years is the result of the specific strategies we continue to pursue and the discipline to focus our energy and resources on these plans,” says George Aristides, CEO and Chairman of the Board. “These strategies include producing top quality products in our world-class manufacturing operations, providing superior customer service through distributors, and expanding our global presence within targeted markets that are meaningful in size and where we have a higher probability of success. We invest more than twice the rate of the industry in product development and it is paying off. For example, new product introductions from the past three years generated over 40 percent of our 2000 sales.”
"I believe the marketplace will continue to present us with great opportunities because the plans and strategies that are guiding us provide a solid foundation for our long-term growth. With our new products, world-class manufacturing and streamlined operations, we are poised to take advantage of these opportunities as they arise."

"All Graco employees should be proud of our success and each employee has every right to expect Graco to do better in the future," he says. "I am proud of what we have achieved together. We have taken significant steps to insure the continued growth and health of our company. And while we have shown steady growth over the past 75 years and should be proud of our individual and team efforts to sustain this growth, I am convinced that Graco's best days are yet to come."

New automatic spray guns on flat line system.

After 75 years, Graco's lubrication equipment is still a key component of its product line.

New image for the Millenium.

**SALES MILESTONES**

$494 million during the first year of the millennium
ACKNOWLEDGEMENTS

A special thank you to Leo Kiefer, Graco retiree and historian, for his invaluable assistance and guidance in compiling pictures and historical information for this 75th Anniversary brochure.

Photograph shown on page 3 of Coleman's Greasing Station at corner of Sixth Street South and Marquette Avenue, Minneapolis, MN in 1925 by Charles J. Hibbard. Courtesy of The Minnesota Historical Society.