



Wow! Look how we've grown!

The Graco Story





Traveling display outside Graco's first 1926 facility.



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 fledgling 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.



Russell Gray



Leil Gray



Early Lubrication Display Panel.



Russ Gray's first business card.



First air-powered grease gun developed by Russell Gray.

1920

Women win the right to vote with the ratification of the 19th Amendment.

1921

World War I officially ends. First burial at Tomb of the Unknown Soldier in Arlington.

1922

Lincoln Memorial dedicated in Washington. Reader's Digest first debuts.

1923

Earthquake destroys one-third of Tokyo.

PROSPERITY

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.

Coleman’s Greasing Station on corner of 5th St. S. and Marquette Avenue is where Russ Gray developed the idea for his first grease gun.



Below, Gray Co.’s first Salesmen, Wade Jones and Jim Sampson, demonstrate equipment.



Equipment display window at 120 South 10th Street, Minneapolis, MN.

Early Gray Co. Distributor authorized service truck.



WHAT’S A DOLLAR WORTH?

Average prices in 1926:

Income	\$2,310
Automobile	\$360
Home	\$7,748
Loaf of Bread	9¢
Gas (gal.)	12¢
Milk (gal.)	56¢
Gold (oz.)	\$20.67
Silver (oz.)	\$1.09
Dow Jones	158 - 157



Sales Literature of the 20's.

BUZZ WORDS...

- Beyond the Horizon • The Sheik • Rudolph Valentino • Vitamin D • Ulysses • Reader’s Digest • King Tut • Insulin • Mein Kampf • Cotton Club • Rhapsody in Blue • John T. Scopes • Al Capone • Chiang Kai-shek • NBC • Antifreeze • Trotsky • Spirit of St. Louis • The Jazz Singer • Peking Man • Academy Awards • Penicillin • Vatican City • St. Valentine’s Day Massacre • CBS

SALES MILESTONES

First year sales
\$35,000 (1926)



1924

Stalin becomes Soviet dictator.
First Macy’s Thanksgiving Day Parade.

1925

Al Capone takes over the Chicago bootlegging racket.
Nellie Ross, first woman governor in U.S.

1926

Russell Gray invents an air-powered, portable lubricator - the Model “B”; Gray Company is incorporated.

1927

First all-electronic television debuts.
Charles Lindbergh flies solo across the Atlantic Ocean.
Babe Ruth hits 60 home runs.

1928

Alexander Fleming discovers Penicillin.
First television sold for \$75.00.

1929

Graco introduces E-vnFlo™ air-powered grease transfer pump.
Stock market crashes.



Graco Management and Sales Personnel, early 1930's.



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.



Gray Co.'s first high and low pressure direct-from-the-drum lubrication pumps. They called them the "Red Heads."



Early product label.



One of the first Lubrication Equipment brochures.

1930

Astronomers discover Pluto.
Grant Wood paints "American Gothic."

1931

Gray Company introduces the "Red Head".
Empire State Building completed.

1932

Amelia Earhart is the first woman to fly solo across the Atlantic Ocean.
Charles Lindberg's son kidnapped and killed.

1933

FDR is inaugurated as President under his "New Deal" campaign.
Prohibition is repealed.

1934

Hitler becomes Führer.
Dust Bowl begins.
Bonnie & Clyde ambushed.

1935

Congress passes Social Security Act.
Nylon fabric is created.

1936

Margaret Mitchell writes "Gone with the Wind".
Boulder Dam completed.

DEPRESSION



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

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.

The Great Depression took its toll on everyone. Yet, for one sunny afternoon in 1951, Gray Co.'s employees enjoyed the third annual company picnic with a sit-down meal and celebration at the Gray's home on Lake Minnetonka.



Sales Literature of the 50's.



Gray Co.'s Industrial League Champion softball team of 1939. They were called "The Boys of Summer."



California version of the Gray Co. Vitalizer demo unit. The rumble seat was removed to accommodate the demo unit.

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 • Teflon • Ballpoint Pen

SALES MILESTONES

\$500,000 by 1938



1937

The Hindenburg explodes in N.J. Amelia Earhart vanishes over the Pacific.

1938

Orson Wells' broadcasts "War of the Worlds" causing national panic. Dupont develops Teflon®.

1939

World War II begins. New York World's Fair opens. "Gone With the Wind" premieres in theatres.



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

THE FORTIES: WORLD WAR II

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.



Above: Gray Co. Convoy Lubers loaded on rail cars ready to ship off to war.



Gray Company's new logo developed during the 40's.



Right: With over 140 of Gray Co.'s men at war, women entered the work force.

1940

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

1941

Gray Co. develops the Convoy Luber trailer-mounted lube system for WW 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.

WORLD WAR II



WHAT'S A DOLLAR WORTH?

Average prices in 1945:

Income	\$2,390
Automobile	\$1,025
Home	\$4,625
Loaf of Bread	9¢
Gas (gal.)	15¢
Milk (gal.)	62¢
Gold (oz.)	\$35.00
Silver (oz.)	71¢
Dow Jones	152 - 192

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. WW 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.



Gray Co. celebrates receiving the Army/Navy "E" Award in 1944 for efficiency in war production. Only three percent of U.S. defense plants received this award during the war.



Gray Co.'s sales meeting in late 40's, featuring both lubrication equipment and paint spraying equipment from the new Industrial Division.

Sales Literature of the 40's.



Beverly Hills Ford dealership featuring the overhead hose reels introduced in 1947.



First Security Badge.



DeSoto auto dealership service area features Gray Co.'s streamline lubrication equipment in the early 40's.

BUZZ WORDS...

- Superman • Bugs Bunny • Plasma
- Citizen Kane • United Nations • White Christmas • Chattanooga Choo Choo • Manhattan Project
- Pentagon • Oklahoma! • 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 Oven • 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 WW 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.



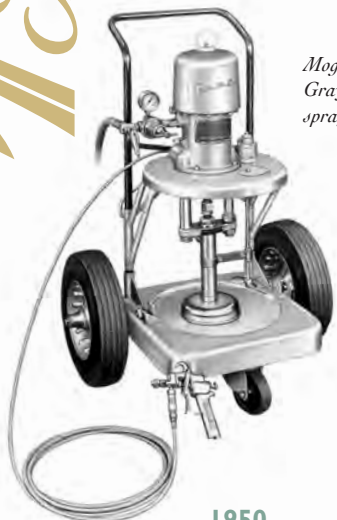
Gray Company's Hydra-Clean™ sprayer pressure washes Russell Gray's 1958 Cadillac.

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.



Hydra-Spray® gun was Gray Co.'s first airless paint sprayer introduced in 1958.



Mogul® 20:1 Hydra-Spray - Gray Co.'s first airless paint sprayer introduced in 1958.



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

1950

Korean War begins.
First Xerox® machine produced.

1951

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

1952

US exploded first thermonuclear bomb.
"Today Show" premieres.

1953

Joseph Stalin dies.

1954

Children receive polio vaccine.
Boeing tests 707, first jet-powered transport plane.

1955

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

1950's

FABULOUS 50's



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

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.



Gray Company's Main Plant display room in 1955 features lube and industrial products.



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



Sales Literature of the 50's.



1950's Bank



Industrial paint room installation featuring Gray Co.'s Power-Flo® paint supply pumps.



Fire-Ball™ high pressure lube pump with topper introduced in 1955.

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



1956

Gray Co. Foundation established. The Wizard of Oz airs on TV.

1957

Sputnik is launched by the Soviets.

1958

Gray Co. introduces Hydra-Spray® - the first airless paint spray unit.

1959

Alaska and Hawaii become states. St. Lawrence Seaway opens. Fidel Castro assumes power in Cuba.

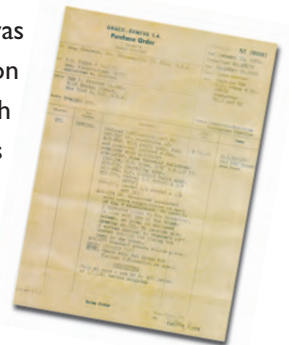


Fluid Commander™ is an automated system for controlling, metering and keeping inventory of dispensed automotive fluids.

1960's

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.



First international Purchase Order.



First RAC™ Tip



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



Graco's first electric airless sprayer, the EH-500.

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

Beatles appear on Ed Sullivan Show. US Surgeon General affirms that cigarette smoking causes cancer.

1965

First US troops arrive in Vietnam.

1966

Medicare begins. FDA declares "the Pill" safe for human use.

EXPLORATION



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

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.



Dave Koch named President in 1962 after Harry Murphy Sr. retires.



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



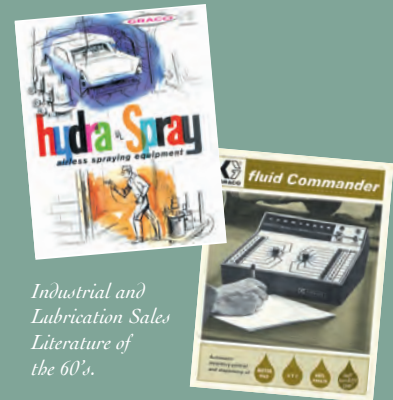
Hydra-Spray® Line featuring Bulldog®, President™ & Monark™ high pressure pumps in 1961.



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



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



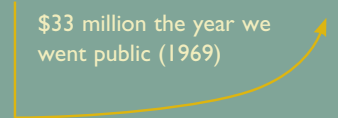
Industrial and Lubrication Sales Literature of the 60's.

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

\$33 million the year we went public (1969)



1967

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

1968

Martin Luther King is slain in Memphis. "60 Minutes" airs on CBS.

1969

Gray Co. becomes a publicly held company and changes its name to Graco Inc.
Graco purchases a majority interest in Fogautolube S.A. (Fog) in France.



Russell Gray Technical Center completed in 1975.

1970's

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.



Graco's 50th Anniversary medallion.



Graco Vanguard 1204 Pressure Washer.



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®. New Distribution Center leased in Brooklyn Center.

1975

Technical Center completed. VCRs developed in Japan by Sony and Matsushita.®

ACQUISITION



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

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.



20:1 King® unit applying primer onto ship hull.



EM-400 Hydra-Spray introduced in 1972.



Mobile Lube Ranger® designed and built by Fog used to supply road contractors with on-site lube service for heavy equipment.



Contractor Sales Literature of the 70's.

BUZZ WORDS...

Kent State • Patton • Monday Night Football • M*A*S*H • Love Story • Floppy Disk • Bar codes • All in the Family • Watergate • HBO • Pong • Prozac • e.mail • Roe vs. Wade • Billie Jean King vs. Bobby Riggs • American Graffiti • The Exorcist • Skylab • People Magazine • Blazing Saddles • Zen and the Art of Motorcycle Maintenance • Saturday Night Live • Jaws • Legionnaire's Disease • Star Wars • Saturday Night Fever • Rocky • Roots • Jonestown • Walkman • Louise Brown • Three Mile Island • Kramer vs. Kramer

SALES MILESTONES

\$86 million on Graco's 50th Anniversary (1976)

1976

US celebrates 200th anniversary.

Graco celebrates 50 years in business.

1977

Graco introduces first gas-hydraulic air-less 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.



Graco's automatic airless spray guns applied adhesives between layers of foam rubber padding and turf at the Metrodome sports facility in Minneapolis, MN.

1980's

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 1985



Ultra® line is introduced in 1983.



Husky™ 715 Diaphragm Pump introduced in 1988.



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."

ECONOMICS



WHAT'S A DOLLAR WORTH?

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

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.

PRO AA4000 electrostatic air-assisted airless spray gun used to paint the Concorde supersonic jet aircraft.



Graco's PT2500™ airless paint sprayer, part of the new family of products called "The Painter Team," was introduced in 1984, and designed for the part-time painter.



In 1980, Graco Robotics introduced its computer-controlled spray painting robots — the most advanced automation technology for applying finishing and coating materials.



Automatic electrostatic paint finishing application.



Sales Literature of the 80's.

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 • Thrirtysomething • TNT • NAFTA • Rain Man • Global Warming • Exxon Valdez • Don't Worry Be Happy • Virtual Reality • Field of Dreams • www.com

SALES MILESTONES

\$225 million on 60th anniversary (86)



1987

Prozac released for use in the US by Eli Lilly Company.

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.



Dedication of new Koch Center in Rogers, Minnesota. From left: MN Governor Carlson, Rogers City Manager Gary Eitel, George Aristides, Mark Sheaban and Dave Koch.

1990's

THE NINETIES: THE INFORMATION ERA

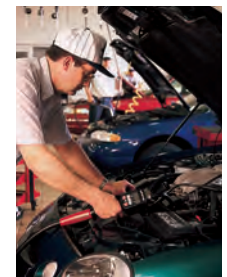
The 90's were the age of information. From the first fiber optic cable to the Internet on to the latest palm-sized cellular phone, this decade developed more ways to communicate and provide information than any previous decade in the history of mankind.

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 distribu-



George Aristides named President and COO in 1995.



Newly designed EM5™ electronic lube meter.



European Headquarters in Maasmechelen, Belgium

1990

Graco introduces the LineLazer™ 3000 and 3500 line strippers.
Persian Gulf War begins.

1991

Gulf War ends.
Dissolution of USSR.

1992

Russia and US sign a treaty ending the Cold War.

1993

First in our industry to be ISO 9000 registered at all major sites.
Sioux Falls facility opens.

1994

New European headquarters opens in Maasmechelen, Belgium.
Introduces Tekspray™ texture sprayers.

1995

A car bomb destroys the Federal Building in Oklahoma City, OK.
First solo trans-pacific balloon flight.

TECHNOLOGY



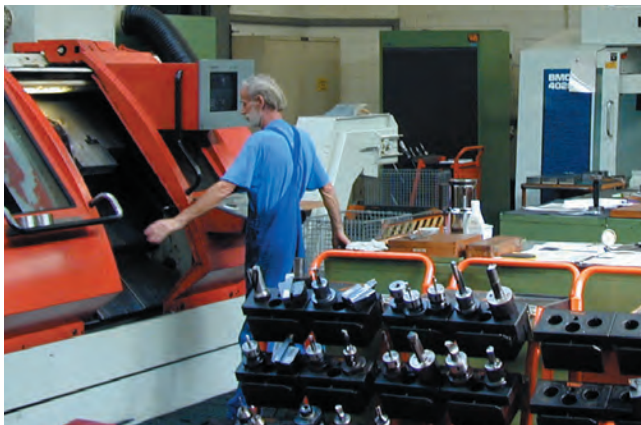
WHAT'S A DOLLAR WORTH?

Average prices in 1995:

Income	\$26,792
Automobile	\$11,805
Home	\$123,172
Bread	\$1.49
Gas (gal.)	\$1.10
Milk (gal.)	\$3.18
Gold (oz.)	\$384
Silver (oz.)	\$6.11
Dow Jones	3837 - 5117

tion facility in Rogers, Minnesota. By consolidating manufacturing and distribution operations around the world, Graco was able to become more efficient and profitable.

The 90's 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 \$9.5 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.



PrecisionFlo™ PVC System dispensing sealant in automobile body interior.

New LineLazer™ walk-behind pavement line strippers introduced in 1990.



Therm-O-Flow™ unit sealing window frames.



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



Sales Literature of the 90's.

BUZZ WORDS...

World Wide Web • User Friendly • Feng Shui • Martha Stewart • Audio Books • O.J. Simpson • Oklahoma Bombing • Olympics • Hip Hop • Casual Work Dress • Tai-Bo • In-line Skates • Beanie Babies • Furby • Tattoos • Body Piercing • Ross Perot • Oprah Winfrey • Tiger Woods • Columbine • John F. Kennedy Jr. • MP3 • Writable CD's • Will & Grace • E.R. • Friends • Dances with Wolves • Schindler's List • Forest Gump • Titanic • Braveheart

SALES MILESTONES

\$391 million on 70th anniversary (96)

1996

David A. Koch Center opens in Rogers, Minnesota. George Aristides named CEO.

1997

Comet Hale-Bopp close to earth. First genetically engineered sheep created (Polly).

1998

Graco repurchases 22% of its outstanding common stock. Microprocessor control introduced on Ultra® Max.

1999

Graco acquires Böllhoff Verfahrenstechnik. Cam drive introduced on GMax.™



PrecisionMix® II and PRO™ guns spraying farm equipment.



THE TWO THOUSANDS: AN EXITING NEW MILLENNIUM BEGINS

As Graco moves into the 21st century, its success will continue to derive from its ability to meet its customers' requirements in an increasingly complicated world. The Company believes its continued success will result from its pursuit of well-defined goals and its discipline to focus its energy and resources on strategies to realize these goals. These strategies include producing top quality products in world-class manufacturing operations, providing superior customer service through an expanding global distributor network, and expanding its global presence within targeted markets that are meaningful in size and where the company has a high probability of success.

The Company is attaining these goals by investing in new product development whereby 20% of its annual sales is derived from new products introduced within the past three years; actively pursuing new acquisitions such as the recent purchases of Liquid Control, Gusmer, PBL and Lubriquip; consolidating its manufacturing opera-



State-of-the-art manufacturing, with a personal touch, in the Rogers facility.



Graco introduced an entirely new way to airless spray with the ProShot cordless band-held sprayer in 2009.



Graco Main Plant and smokestack were demolished.

2000

World enters new century smoothly. Magnum™ airless sprayers introduced into home center channels.

2001

Graco celebrates 75th Anniversary. Graco acquires ASM.

911

2002

Graco introduces its first Reactor™ for applying 2-component foams, polyurea and epoxies.

2003

Graco acquires Sharpe Mfg. Co.

2004

Riverside Office Complex built, Main Plant demolished.

2005

Graco acquires Liquid Control and Gusmer. Applied Fluid Technologies and Industrial Products Divisions formed. Graco purchases assets of PBL Industries.



Liquid Control



PBL Industries, Inc.

GROWTH



WHAT'S A DOLLAR WORTH?

Average prices in 2005:

Income	\$37,564
Automobile	\$21,298
Home	\$225,300
Bread	\$1.01
Gas (gal.)	\$2.40
Milk (gal.)	\$3.31
Gold (oz.)	\$415.00
Silver (oz.)	\$7.38
Dow Jones	10785 - 10730

tions to strategic facilities around the world; and investing in state-of-the-art operating software and manufacturing equipment.

“All Graco employees should be proud of our success and each employee, as well as our customers and shareholders, has every right to expect Graco to do better in the future,” says David Roberts, Graco President and CEO. “We are constantly evaluating our strategies and goals to insure the continued growth and health of our company. And while our growth over the last 80 years has been amazing and we should all be proud of our individual and team efforts to sustain this growth, I’m convinced that Graco’s best days are yet to come.”



Graco's new Therm-O-Flow 200 increases production and efficiency at a window and door manufacturer.



Graco's Magnum™ airless sprayers, designed for the part-time painter, is sold through the home center and paint store channels.



New image for the Millennium.

New facility in Suzhou China



After 80 years, Graco's lubrication equipment is still a key component of its product line.

BUZZ WORDS...

Y2K • Millennium • 9-11 • World Trade Center • Harry Potter • Sourcing Oil Prices • Tobacco Verdict • Al-Qaida • Mad Cow Disease • iPods • Timothy McVeigh • Bush • Enron • American Idol • Google • Lord of the Rings • Columbia Space Shuttle • Baghdad • CSI • Martha Stewart • Lance Armstrong • Stem Cells • Saddam Hussein • Tsunami • Sudoku • North Korea • Katrina • Hybrid Cars • Hizballah • SARS • Bernie Madoff • iPhone • Obama • Facebook • Tweet • Twitter • Swine Flu • Michael Jackson • Sarah Palin • BP Oil Spill • iPad

SALES MILESTONES

\$841 Million in 2007



2006

Graco acquires Lubriquip.
Graco opens China manufacturing facility in Suzhou.

2007

Building expansion in North Canton, OH and Sioux Falls, SD.
Repurchased 5.9 million shares of stock



2008

Acquisitions: GlasCraft® LubeSci™ & Airlessco®
Recession began
Barack Obama elected president

2009

Downturn in construction and automotive industries severely affects Graco's performance and headcount was reduced by 6%.

ACKNOWLEDGEMENTS

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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.



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