



Acquisition of Finishing Businesses from ITW

April 15, 2011

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Safe Harbor

Today's presentation includes forward-looking statements that reflect management's current expectations about the Company's future business and financial performance. A forward-looking statement is any statement made in this presentation that reflects the Company's current thinking on the acquisition of the Finishing Business from ITW, market trends and the Company's future financial performance at the time it is made. All forecasts and projections are forward-looking statements. The Company undertakes no obligation to update these statements in light of new information or future events. The Company desires to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 by making cautionary statements concerning any forward-looking statements made by or on behalf of the Company. The Company cannot give any assurance that the results forecasted in any forward-looking statement will actually be achieved. Future results could differ materially from those expressed, due to the impact of changes in various factors. These risk factors include, but are not limited to: whether and when the required regulatory approvals will be obtained, whether and when the closing conditions will be satisfied and whether and when the transaction will close, the ability to close on committed financing on satisfactory terms, the amount of debt that the Company will incur to complete the transaction, completion of purchase price valuation for acquired assets, whether and when the Company will be able to realize the expected financial results and accretive effect of the transaction, how customers, competitors, suppliers and employees will react to the transaction, and economic changes in global markets. Please refer to Item 1A of, and Exhibit 99 to, the Company's Annual Report on Form 10-K for fiscal year 2010 for a more comprehensive discussion of other risk factors that relate generally to the Company's business and financial condition. The Annual Report on Form 10-K is available on the Company's website at www.graco.com and the Securities and Exchange Commission's website at www.sec.gov.

Agenda

- Transaction Overview
- Overview of Finishing Businesses
- Financial Summary
- Questions



Transaction Overview

- Graco to acquire the Finishing Businesses of ITW, a global manufacturer of liquid and powder finishing technologies
 - Combined pro forma company 2010 net sales of \$1,049 million*
 - Purchase price of \$650 million in cash for the assets of the businesses, including 100% of the shares of certain international subsidiaries
 - EBITDA* multiple TTM 10.7X and peak 8.7X
- Transaction funding through:
 - New fully committed revolving credit facility of \$450 million, replacing previous revolving credit facility of \$250 million
 - Long-term private placement debt of \$300 million, previously announced
- Anticipated closing date June 2011, at the earliest, subject to customary closing conditions and regulatory approvals
 - \$20 million termination fee

* Based on information prepared by ITW management



Compelling Strategic Acquisition

- Strengthens Graco's highly successful Finishing business
- Expands Graco's position in a key, core business with high quality, well-established brands
- Increases global distributor base and end-user exposure
- Provides scale in rapidly developing economies, including China, India and South America
- Grows revenues through cross-selling select, complementary product lines
- Establishes leadership position in powder finishing equipment
- Expands Graco's global manufacturing capabilities / capacity
- Cash accretive in first year

Finishing Business Overview

- Global group of companies with widely recognized strong brands



Gema

DEVILBISS

Ransburg

BGK Finishing Systems
Electric Infrared Curing Solutions

- 12 month trailing revenues through March 2011 of \$320 million
- Competes at premium level of the market
- Sells primarily through independent distribution
- 60% of revenues outside of the Americas
- Significant patented technologies and strong R&D capabilities
- Global manufacturing capabilities (US, UK, Switzerland, Japan, Brazil, Mexico)
- Large installed end-user base with strong recurring parts stream

Finishing Business Overview

Industrial Liquid Finishing



Finishing Systems Business

Develop, manufacture and market branded, premium level paint systems and equipment which coat or improve surfaces.



Substrates

- Asphalt & Concrete
- Ceramic
- Electronics
- Fiberglass
- Leather
- Metal
- Plastic
- Textiles
- Wood



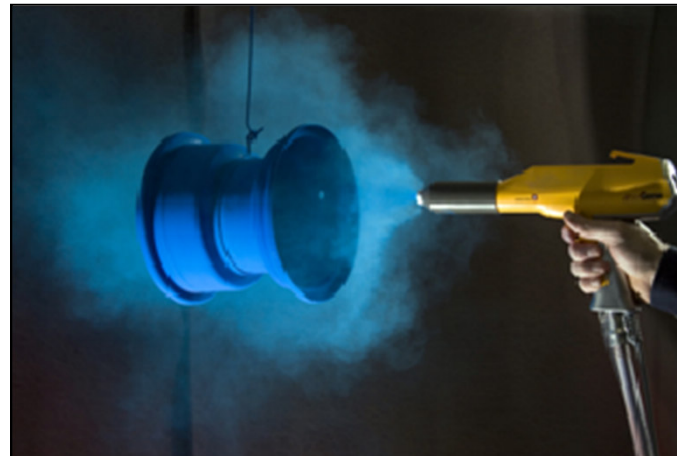
Finishing Business Overview



Gema Worldwide

Global leader in superior powder coating technology

- ✦ Better powder utilization
 - Lower labor costs
- ✦ Repeatable, consistent performance
 - Reduced powder consumption
- ✦ Experts in color change performance
 - More color changes with less downtime
 - Over 1200 color change systems installed globally
- ✦ Worldwide leader in number of guns sold



Finishing Business Overview



DEVILBISS

Automotive Refinish Worldwide

Sell spray guns and accessories to the automotive repair market

- ✚ Comprised of two Business Units located in NA & Europe
 - 100% of sales through distribution
 - Brands include Devilbiss, Binks, Tekna & Camair





Product Summary

Category	Graco	ITW Industrial Finishing
Powder Equipment		A Leading Manufacturer
Proportioners	A Leading Manufacturer	
Air Operated Piston Pumps	A Leading Manufacturer	
AODD	Full Line	
Manual Electrostatic Spray Guns	A Leading Manufacturer	
Automatic Electrostatic Spray Guns		A Leading Manufacturer
Conventional Spray Guns		A Leading Manufacturer

Integration Strategy

- Align acquired businesses with Graco's Finishing business
- Operate acquired businesses largely on a stand-alone basis, with no plans to integrate facilities, sales forces or distribution
 - Will work towards strategic sourcing and supply chain synergies
 - Selected cross-selling opportunities
- Commitment to build upon current strong brands
- ROI driven investments in growing, profitable business
 - Opportunity to expand machining capabilities and reduce product cost
- Capitalize on scale and leverage in developing markets



Financial Summary

- Acquired businesses 12 month trailing revenues of \$320 million*
 - Peak revenue of \$385 million*
- Acquired businesses 12 month trailing EBITDA of \$61 million*
 - Peak EBITDA of \$75 million*
- Initial pro forma net debt/trailing EBITDA of less than 2.9x with rapid improvement from strong combined free cash flow
- Modestly accretive starting in 2012
- Asset transaction provides cash tax deduction up to \$20 million/year for 15 years
- Expected 2011 combined capital expenditures of \$35 million

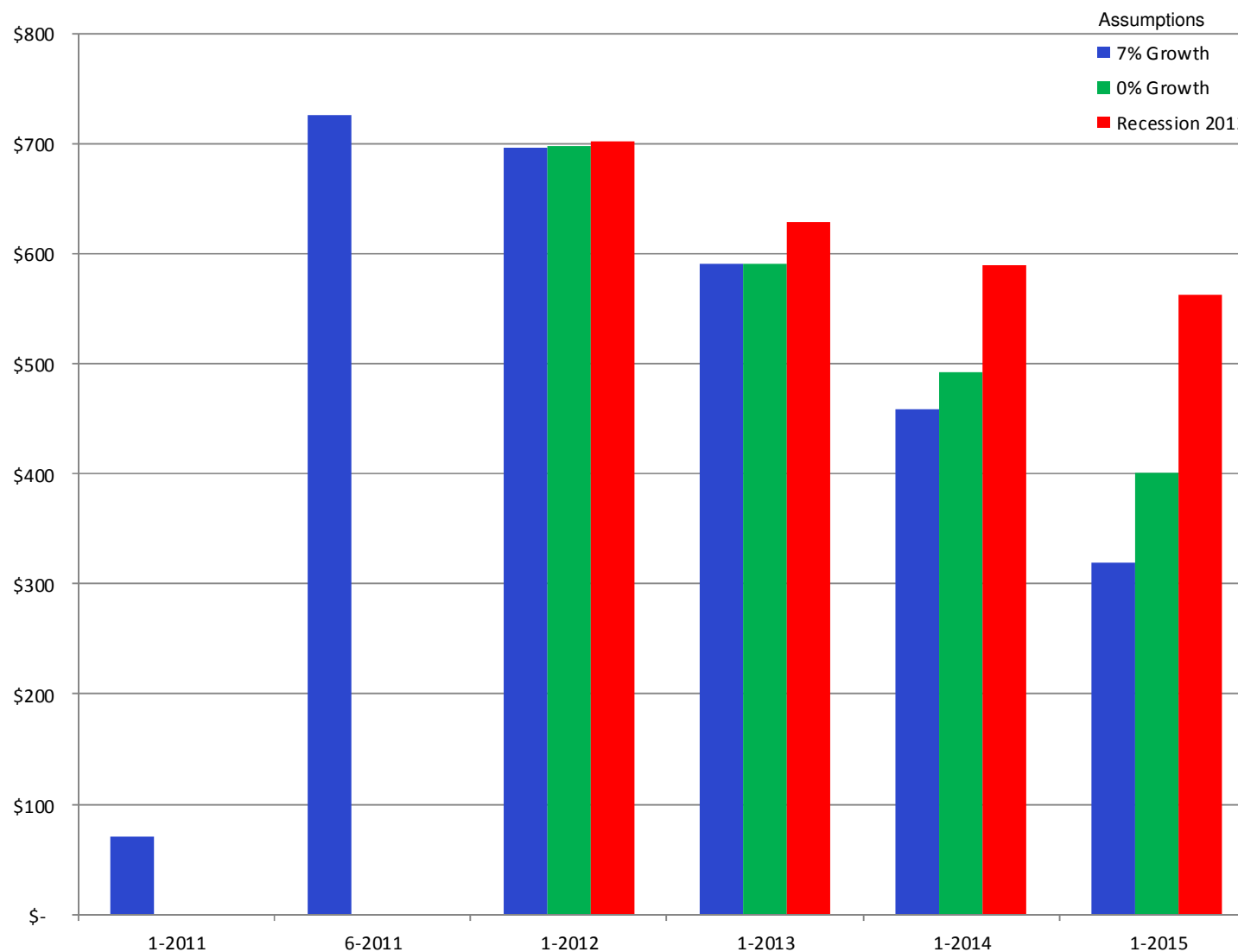
* Based on information prepared by ITW management

Financing Overview

- New committed \$450 million revolving credit facility
 - Initial rate less than 2.5%
 - 5-year term
- Previously announced \$300 million private placement debt
 - Fixed rate through maturity less than 5.0%
 - Maturities 7 to 15 years
- Cash priorities
 - Debt repayment
 - Organic growth opportunities
 - Acquisitions
 - Dividends / Share repurchases



Net Debt Balance Sensitivity – (in \$Millions)

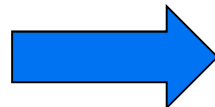
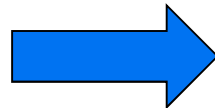
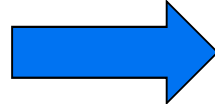
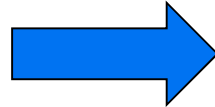




Acquisition Consistent with Strategic Growth Initiatives

Graco Growth Strategies

- Expand geographically
- Invest in new products
- Target new markets
- Strategic acquisitions



Finishing Acquisition

Strong, global manufacturing sales and distribution capabilities

Innovative products and strong R&D capabilities

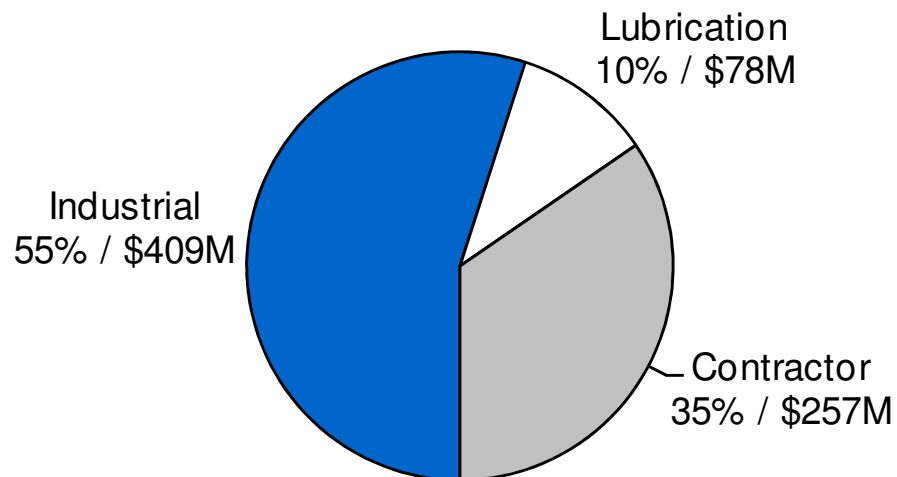
Market leading powder finishing and automotive refinish equipment

Global business of significant size, strong brands and channel, manufacturing expansion and management capabilities

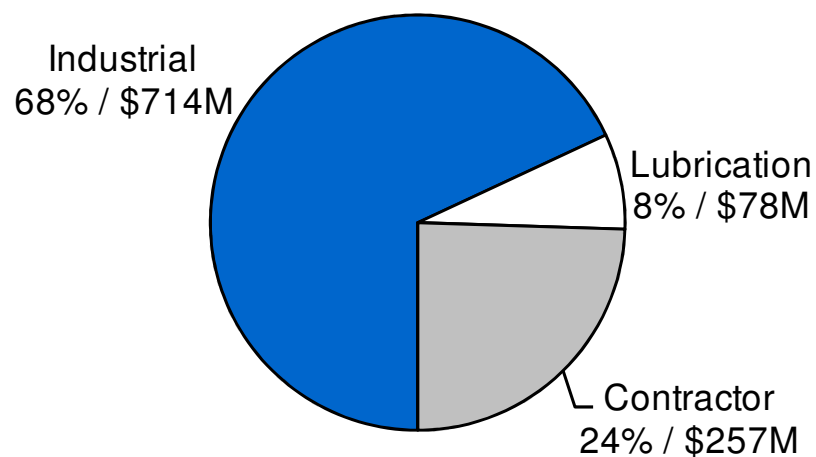


Graco Reporting Segment Overview

Graco 2010



Graco After Acquisition Pro Forma 2010



Summary

- Significant size
- Complementary product lines with strong brands in key industrial markets
- Increasingly diversified international scope, with emphasis on emerging markets
- Large installed base with consistent parts and accessories revenue stream
- Key strategic competencies in manufacturing
- Long-term synergy potential
- Rapid de-leveraging following transaction



Move

Measure

Control

Dispense

Spray



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