



Graco Responds to FTC Actions

December 15, 2011

MINNEAPOLIS -- (BUSINESS WIRE) -- Dec. 15, 2011 -- Graco Inc. (NYSE: GGG) was informed today that the Federal Trade Commission (FTC) will file a complaint to challenge Graco's proposed acquisition of the finishing businesses of Illinois Tool Works Inc. (NYSE: ITW).

"I am disappointed with today's decision by the FTC. Graco strongly believes this transaction is pro-competitive and intends to vigorously fight for approval in court," said Patrick J. McHale, Graco's President and CEO. "The liquid finishing industry is highly competitive with many serious, quality competitors in each product category. Graco has proposed to the FTC that existing U.S. Graco and ITW distributor practices would remain unchanged, with distributors remaining non-exclusive and retaining the ability to distribute products from other manufacturers of their choice. We are confident in our position and believe the facts of the case warrant defending this matter in court."

McHale continued, "This transaction will benefit both end users and our distributor partners as we continue to invest in new products, customer service and manufacturing efficiencies. It is unfortunate that the FTC has taken action which we believe, if successful, will hurt manufacturing and jobs in this country."

The proposed acquisition will provide leading and complementary equipment technologies and brands to Graco, such as Gema® powder finishing equipment, Binks® spray finishing equipment, DeVilbiss® spray guns and accessories, Ransburg® electrostatic equipment and accessories and BGK curing technology. The businesses have manufacturing locations throughout the world, including the United States, Switzerland, United Kingdom, Japan, Brazil and Mexico with sales offices and distribution capabilities in several additional countries.

Graco Inc. supplies technology and expertise for the management of fluids in both industrial and commercial applications. It designs, manufactures and markets systems and equipment to move, measure, control, dispense and spray fluid materials. Minneapolis-based Graco serves customers around the world in the manufacturing, processing, and construction and maintenance industries. For additional information about Graco Inc., please visit us at <http://www.graco.com>.

Cautionary Statement Regarding Forward-Looking Statements

A forward-looking statement is any statement made in this release 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, 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 (and most recent Form 10-Q) for a more comprehensive discussion of other risk factors that relate generally to the Company's business and financial condition. These reports are available on the Company's website at <http://www.graco.com> and the Securities and Exchange Commission's website at <http://www.sec.gov>.

Source: Graco Inc.

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