

MCHALE PATRICK J  
 Form 4  
 April 30, 2018

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**MCHALE PATRICK J**

(Last) (First) (Middle)  
 88 11TH AVENUE NE  
 (Street)

MINNEAPOLIS, MN 55413

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
**GRACO INC [GGG]**

3. Date of Earliest Transaction  
 (Month/Day/Year)  
**04/27/2018**

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
**President and CEO**

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
				(A) or (D) Price			
Common Stock	04/27/2018		M	390,000 A	\$ 16.6134 1,293,696.7552	D	
Common Stock	04/27/2018		M	163,203 A	\$ 24.7934 1,456,899.7552	D	
Common Stock	04/27/2018		M	150,870 A	\$ 23.8467 1,607,769.7552	D	
Common Stock	04/27/2018		M	405,000 A	\$ 19.58 2,012,769.7552	D	
Common Stock	04/27/2018		M	184,575 A	\$ 24.9334 2,197,344.7552	D	
	04/27/2018		F	930,974 D	\$ 45.98 1,266,370.7552	D	

Common  
Stock

Common Stock 04/30/2018 D 650,770 D \$ 43.33 615,600.7552 D

Common Stock 5,755.7257 I By ESOP

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount Number of Shares
Non-qualified Stock Option (Right to Buy)	\$ 16.6134	04/27/2018		M	390,000	(1) 02/17/2022	Common Stock 390,000
Non-qualified Stock Option (Right to Buy)	\$ 24.7934	04/27/2018		M	163,203	(1) 02/13/2025	Common Stock 163,203
Non-qualified Stock Option (Right to Buy)	\$ 23.8467	04/27/2018		M	150,870	(2) 02/12/2026	Common Stock 150,870
Non-qualified Stock Option (Right to Buy)	\$ 19.58	04/27/2018		M	405,000	(1) 02/15/2023	Common Stock 405,000
Non-qualified Stock Option (Right to Buy)	\$ 24.9334	04/27/2018		M	184,575	(1) 02/14/2024	Common Stock 184,575

## Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

MCHALE PATRICK J  
88 11TH AVENUE NE  
MINNEAPOLIS, MN 55413

X

President and CEO

## Signatures

/s/ Francis J. Brixius Jr., attorney-in-fact for Mr.  
McHale

04/30/2018

\*\*Signature of Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Employee stock option granted pursuant to the Graco Inc. 2010 Stock Incentive Plan in transaction exempt under Rule 16b-3. The stock option becomes exercisable in four equal annual installments, commencing one year after the date of the grant.
- (2) Employee stock option granted pursuant to the Graco Inc. 2015 Stock Incentive Plan in transaction exempt under Rule 16b-3. The stock option becomes exercisable in four equal annual installments, commencing one year after the date of the grant.

### Remarks:

The reported stock option exercises and sale of common stock were completed to fund costs associated with marital dissolution.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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