

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

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1. Name and Address of Reporting Person * <u>MCHALE PATRICK J</u> (Last) (First) (Middle) <u>88 11TH AVENUE NE</u> (Street) <u>MINNEAPOLIS MN</u> <u>55413</u> (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>GRACO INC</u> [<u>GGG</u>] 3. Date of Earliest Transaction (Month/Day/Year) <u>04/29/2019</u> 4. If Amendment, Date of Original Filed (Month/Day/Year)	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>President and CEO</u> 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person
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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)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	04/29/2019		M		40,803	A	\$24.7934	238,391.6617	D	
Common Stock	04/29/2019		M		50,290	A	\$23.8467	288,681.6617	D	
Common Stock	04/29/2019		M		91,517	A	\$30.3467	380,198.6617	D	
Common Stock	04/29/2019		S		182,610	D	\$51.1743 ⁽¹⁾	197,588.6617 ⁽²⁾	D	
Common Stock								2,267.8863 ⁽²⁾	I	By ESOP

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 Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Non-qualified Stock Option (Right to Buy)	\$24.7934	04/29/2019		M			40,803	(3)	02/13/2025	Common Stock	40,803	\$0	231,207	D	
Non-qualified Stock Option (Right to Buy)	\$23.8467	04/29/2019		M			50,290	(4)	02/12/2026	Common Stock	50,290	\$0	402,320	D	
Non-qualified Stock Option (Right to Buy)	\$30.3467	04/29/2019		M			91,517	(4)	02/17/2027	Common Stock	91,517	\$0	396,577	D	

Explanation of Responses:

1. The price reported in Column 4 is a weighted average price. The shares were sold at prices ranging from \$51.00 to \$51.59, inclusive. The reporting person undertakes to provide to Graco Inc., any security holder of Graco Inc. or the staff of the Securities and Exchange Commission, upon request, with full information regarding the number of shares sold at each separate price with the range set forth in the footnote.
2. Since the date of Mr. McHale's last ownership report, he transferred 196,913 shares of Graco common stock and 3,547,4688 shares of Graco ESOP shares to his ex-wife pursuant to a domestic relations order. Mr. McHale no longer beneficially owns any securities owned by his ex-wife
3. 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.
4. 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 sales of common stock were completed in connection with Mr. McHale's marital dissolution, which was concluded on May 31, 2018. As reflected in column 5 of Table I, Mr. McHale's holdings remain substantially above his five times current base salary holding requirement.

/s/ Francis J. Brixius Jr.,
attorney-in-fact for Mr. McHale 04/30/2019

** Signature of Reporting Person Date

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

* 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).

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.