

| OMB APPROVAL                                 |           |
|--|-----------|
| OMB Number:                                  | 3235-0287 |
| Estimated average burden hours per response: | 0.5       |

**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

|   |   |  |
|---|---|--|
| 1. Name and Address of Reporting Person*<br><u>SHEAHAN MARK W</u><br><br>(Last) (First) (Middle)<br><u>88 11TH AVENUE NE</u><br><br>(Street)<br><u>MINNEAPOLIS MN 55413</u><br><br>(City) (State) (Zip) | 2. Issuer Name and Ticker or Trading Symbol<br><u>GRACO INC [ GGG ]</u> | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable)<br><br>Director <input type="checkbox"/> 10% Owner <input type="checkbox"/><br>Officer (give title below) <input checked="" type="checkbox"/> Other (specify below) <input type="checkbox"/><br><u>CFO and Treasurer</u> |
|   | 3. Date of Earliest Transaction (Month/Day/Year)<br><u>08/03/2020</u>   |  |
| 4. If Amendment, Date of Original Filed (Month/Day/Year)  |   |  |

**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                    | 08/03/2020                           |  | M                              |   | 55,800  | A          | \$16.6133                | 116,310.4351  | D  |   |
| Common Stock                    | 08/03/2020                           |  | S                              |   | 55,800  | D          | \$53.5796 <sup>(1)</sup> | 60,510.4351 <sup>(2)</sup>  | D  |   |
| Common Stock                    |                                      |  |                                |   |   |            |                          | 1,375.9626 <sup>(3)</sup>   | I  | By ESOP   |
| Common Stock                    |                                      |  |                                |   |   |            |                          | 2,892   | I  | By Spouse   |

**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 |
| Non-qualified Stock Option (Right to Buy)  | \$16.6133  | 08/03/2020                           |  | M                              |   | 55,800   | (4) | 02/17/2022   |                 | Common Stock  | 55,800                                     | \$0  | 0   | D  |       |

**Explanation of Responses:**

- The price reported in Column 4 is a weighted average price. The shares were sold at prices ranging from \$53.32 to \$53.76, inclusive. The reporting person undertakes to provide 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 within the range set forth in the footnote.
- Included in the amount reported are shares acquired under Graco Inc. 2006 Employee Stock Purchase Plan, exempt under Rule 16b-3.
- ESOP - The number of shares includes dividends paid pursuant to the Graco Employee Stock Ownership Plan, exempt under Rule 16b-3(c).
- 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.

/s/ Francis J. Brixius Jr.,  
attorney-in-fact for Mr. Sheahan 08/04/2020

\*\* 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.