

The following question was submitted by a shareholder:

The Carpenter pension funds believe that audit firm independence is critical to protecting the integrity of corporate financial reporting. Given that audit firm and corporate client relationships are generally long tenured, federal regulations require that the lead engagement partner be rotated out of that position every five years. Could the Chair of the Audit Committee or a representative of Deloitte, which has been the Company's audit firm since 1969, describe the lead audit partner rotation process, and indicate who make the decisions in the selection of the new lead partner? Thank you.

Response:

Graco's Audit Committee, by the terms of its charter, among other things, is responsible for periodically evaluating the lead partner of the independent auditor, taking in to account the opinions of management and internal auditors. The Audit Committee conducts this evaluation annually, at such time as it considers whether there should be a rotation of the independent auditor itself. While the Audit Committee may determine that a change in the lead partner is warranted from time to time, we – like all public companies – are in any event required to rotate the audit partner every five years. The Audit Committee periodically reviews its independent auditor's succession planning process, and collaboratively engages with the audit firm in connection with any change or proposed change of the lead partner.